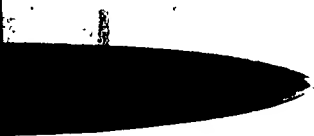


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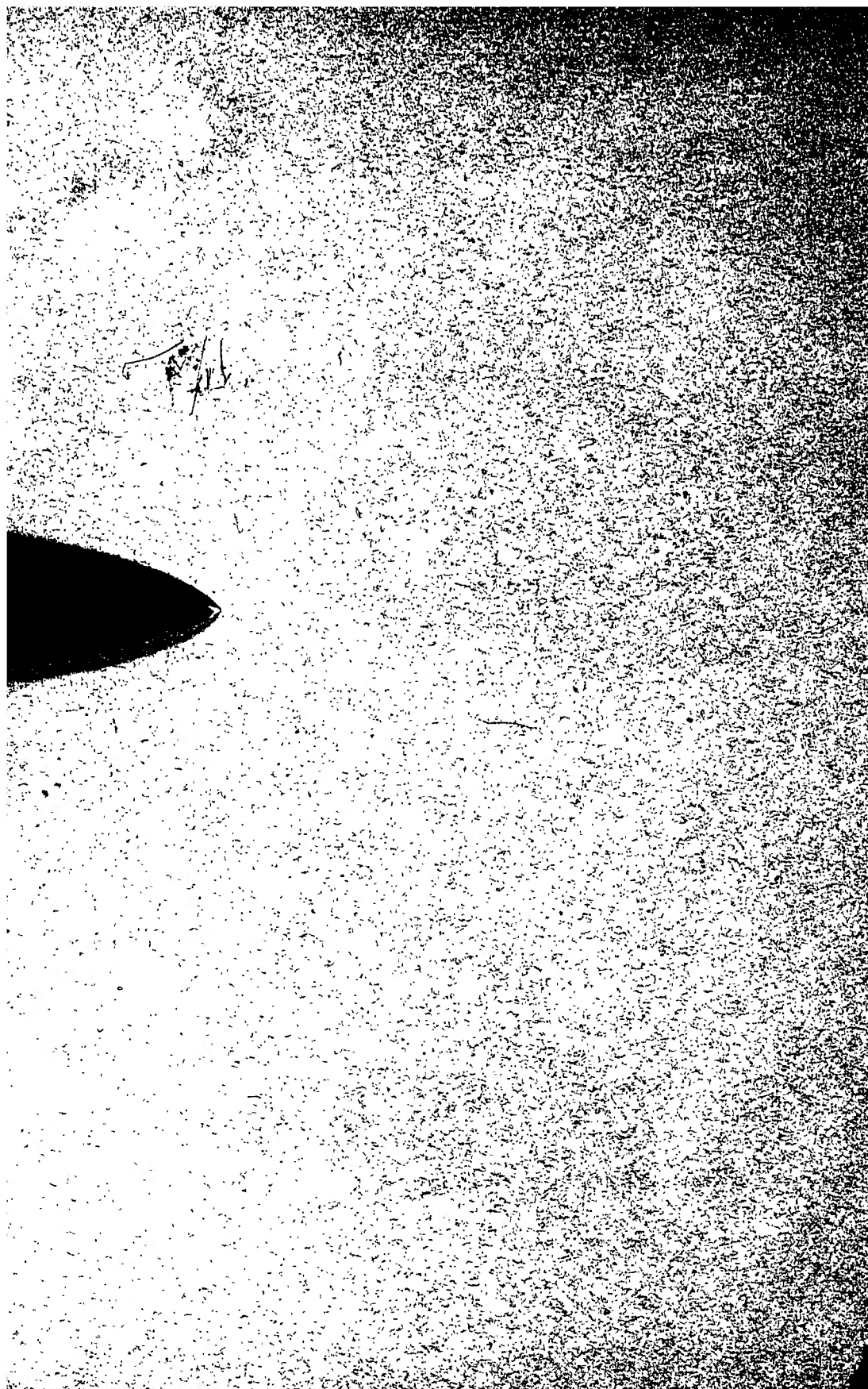
Resolutions and Memorials
of the
Legislative Assembly of Manitoba
respecting
Public Telephones

Speech of
Hon. Colin H. Campbell
Attorney-General

Introducing the Bills respecting Government Telephone
and Telegraph Systems and respecting
Municipal Telephone Systems

Other interesting data, including
the Acts of the Legislature to construct or acquire and
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System and respecting Municipal
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WINNIPEG, MANITOBA
1906



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SELECT COMMITTEE

APPOINTED TO ENQUIRE INTO AND REPORT REGARDING
THE VARIOUS

TELEPHONE SYSTEMS

Extract from the Votes and Proceedings of the Legislative Assembly of Manitoba, 29th January, 1906:—

On motion of the Hon. Mr. *Campbell*, seconded by the Hon. Mr. *Agnew*,

Resolved, That a Select Committee be appointed to enquire into and report regarding the various telephone systems in operation in Manitoba and elsewhere, the cost thereof and the expense incidental to the maintenance and operation thereof, as the Committee shall determine, and to consider and report what changes, if any, are advisable in respect of the methods at present in force for furnishing telephone service to the public; such Committee to have power to send for persons and papers, to examine persons under oath, and to engage clerical and other assistance; and to report from time to time; and the said Committee shall be composed as follows: The Hon. Mr. *Mickle*, Messieurs *Howden*, *McInnis*, *Taylor*, *Armstrong*, *Doig* and the Mover and Secunder.

REPORT OF SELECT COMMITTEE ON TELEPHONE SYSTEMS

Extract from the Votes and Proceedings of the Legislative Assembly of Manitoba, 27th February, 1906:—

The Hon. Mr. *Campbell*, from the Select Committee appointed to enquire into and report upon the various telephone systems in operation in Manitoba or elsewhere, presented their Second Report, which was read as follows:—

Since their appointment on January 29th last, your Committee have held sixteen sittings, have examined at length twenty-three witnesses, and have made full use of the time at their disposal for the investigation of this very important question. The witnesses summoned to give evidence before your Committee included Mr. *F. Dagger*, the expert employed by the Dominion Government, and representatives of the various municipal and independent telephone companies in Manitoba, operating in Gladstone, Neepawa, Birtle, Russell and Melita, and also those in Yorkton, Saskatchewan, and Port Arthur and Fort William in Ontario. The unanimous testimony of all these witnesses established the fact that these companies were all giving exceedingly satisfactory telephone service to their respective communities at comparatively low rates and with a fair margin of profit, but that they were all hampered in their operations by lack of capital and by want of long-distance connection with Winnipeg and other parts of the Province, which, with one exception, they were unable to secure from the Bell Telephone Company. These witnesses unhesitatingly pronounced in favor of government-owned long-distance lines in the Province and the management of local systems by the various municipalities or local companies.

Your Committee also went to the United States to further pursue their investigation, and visited Minneapolis, St. Paul, Chicago and Grand Rapids, taking the evidence of parties connected with independent companies operating in these cities and other places, notably, Janesville, Wisconsin. A thorough inspection was made of the telephone plants, both local and long-distance, in these cities, and the Committee was much impressed with the successful and satisfactory operation of the automatic system, particularly in Grand Rapids. It was found that the independent companies were all competing successfully with the Bell Telephone systems, having a profitable margin after the original rates had been practically cut in two. Everywhere the entrance of such companies into the field had resulted in the

furnishing of satisfactory service at much lower rates than had previously obtained and in the immense extension of the use of the telephone. A noticeable feature of the telephone development in the United States was the large number of long-distance lines and lines giving inter-communication in rural districts.

Your Committee further heard the testimony of Mr. F. C. Paterson, Winnipeg, Western Manager of the Bell Telephone Company, and Mr. L. B. McFarlane, Montreal, the General Superintendent of that Company, whose statements can be referred to in the evidence submitted.

Your Committee beg to incorporate in their Report the evidence given before the Committee, including the various exhibits which were filed during the course of the testimony, from which can be obtained the statistics and information to justify the following resolutions, which your Committee beg to submit for the consideration of your honourable body:—

1. *Resolved*, That the telephone is such a public utility that it should be owned and operated as a government and municipal undertaking, in order that it may serve the people as a whole and give to every person an opportunity of enjoying its advantages at cost.

2. *Resolved*, That the present rates charged for telephone service are exorbitant, and that a considerable reduction could easily be made, especially if the service were to be furnished at cost to the subscriber.

3. *Resolved*, That it is desirable that the Government of Manitoba should construct long-distance lines and have these lines operated either by themselves or under a commission.

4. *Resolved*, That the local systems should be owned preferably by the municipalities.

5. *Resolved*, That the Government should enter into such a contract or arrange such a tariff of rates as would give to the municipalities of the Province satisfactory inter-communication at a low cost.

6. *Resolved*, That, in the opinion of your Committee, the automatic service is desirable, and the Government be recommended to pursue the enquiry along that line to a greater extent than the Committee have been able to do in the time at their disposal.

7. *Resolved*, That it is undesirable that the Government should construct long-distance lines until a number of the municipalities have agreed to erect and maintain exchanges sufficient to justify the Government in incurring the expenditure necessary to establish and operate such lines.

8. *Resolved*, That it has been demonstrated to the Committee that long-distance communication to the south may be easily obtained through the independent telephone companies in the United States.

9. *Resolved*, That it is essential to the efficiency of a system of telephones throughout the Province of Manitoba that a local service should be provided for in the Cities of Winnipeg and Brandon and the

Town of Portage la Prairie, and provision should be made whereby, if the said municipalities do not desire to construct the service within their own municipalities, the Government may, after being requested so to do by the said municipalities, construct the lines within the said municipalities and own and operate them as part of the Government service.

10. *Resolved*, That it is desirable and expedient that all doubts be set at rest as to the authority and power of the Legislative Assembly of Manitoba and the municipal authorities, when duly authorized, to expropriate any system of telephones in the Province of Manitoba irrespective of the question whether the incorporation of such company depends upon the authority of the Parliament of Canada or the Legislative Assembly of the Province of Manitoba, and that application should be made to the Dominion Government and Parliament of Canada to remove such doubts and confer such power.

11. *Resolved*, That this Assembly should memorialize the Parliament of Canada not to increase the capital of the Bell Telephone Company, unless the said company be willing to submit to municipal regulation and provincial control.

Resolved, That this House doth concur in the said Report.

MEMORIAL

to the

Governor-General and Parliament of Canada

Extracts from the Votes and Proceedings of the Legislative Assembly of Manitoba, 6th March, 1906:—

The Hon. Mr. *Campbell* moved, seconded by the Hon. Mr. *Roblin*,
That, whereas, in the opinion of this House—

1. It is desirable, in the interests of the people of this Province, that the Government of the Province should be able to construct or acquire and to maintain and operate a public telephone system or systems throughout the Province so as to insure reasonable charges for the use of telephones and uniform telephone service throughout the Province and the more rapid extension thereof to every part of the Province.

2. It is expedient and necessary to such construction and acquisition that the Government should have power to expropriate, upon reasonable terms, the property and franchises of any telephone system at present owned and operated in the Province, whether by companies organized under the laws of the Province or of the Dominion, and particularly by the Bell Telephone Company of Canada, but it is doubtful whether, under the law as it at present stands, such expropriation could be made and enforced under any statute to be passed by the Legislature of Manitoba.

Therefore be it resolved, That an humble Address be presented to His Excellency the Governor-General, and a Memorial presented to the Honourable the Parliament of Canada, praying for the passing of an Act amending the Act of Incorporation of the Bell Telephone Company and the Acts amending the same, removing all such doubts, and providing that the Government of Manitoba, when authorized by this House, may lawfully expropriate the property, franchise and business of the Bell Telephone Company or of any other company, firm or individual or municipality operating or owning any telephone system in the Province of Manitoba.

And the question being proposed, it was resolved in the affirmative.

Extracts from the Votes and Proceedings of the Legislative Assembly of Manitoba, 7th March, 1906:—

The Hon. Mr. *Campbell*, from the Select Committee appointed to prepare and report the draft of an Address to His Excellency the Governor-General and a Memorial to the Parliament of Canada, presented their Report, which was read as follows:—

Your Committee have prepared the draft of an Address to His Excellency the Governor-General as follows:—

To His Excellency the Right Honourable Sir Albert Henry George, Earl Viscount Howick, Baron Grey of Howick, in the County of Northumberland, in the Peerage of the United Kingdom, and a Baronet, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, etc., etc., Governor-General of Canada:—

May it please Your Excellency:

We, His Majesty's dutiful and loyal subjects, the Legislative Assembly of Manitoba in Session assembled, beg leave to approach Your Excellency for the purpose of representing that it is very desirable in the interests of the people of this Province that the Government of the Province should be able to construct or acquire and to maintain and operate a public telephone system or systems throughout the Province, so as to ensure reasonable charges for the use of telephones and a uniform telephone service throughout the Province and a more rapid extension thereof to every part of the Province, and that it is expedient and necessary to such construction and acquisition that the said Government should have the power to expropriate upon reasonable terms the property and franchises of any telephone system at present owned and operated in the Province, whether by companies organized under the laws of the Province or of the Dominion, and particularly by the Bell Telephone Company of Canada, but it is doubtful whether, under the law as it at present stands, such expropriation could be made and enforced under any statute to be passed by the Legislature of Manitoba.

We therefore pray that Your Excellency may be pleased to sanction the passage of an Act of the Parliament of Canada amending the Act of Incorporation of the Bell Telephone Company and the Acts amending the same, removing all such doubts and providing that the Government of Manitoba, when authorized by this House, may lawfully expropriate the property, franchises and business of the Bell Telephone Company, or of any other company, firm or individual or municipality operating or owning any telephone system in the Province of Manitoba, and empowering the Legislature of Manitoba to delegate to any municipality in the Province the same powers of purchase and expropriation with regard to any telephone system and the property thereof within its territorial limits as is sought by such Act to be conferred upon the Government of the Province; also pro-

viding that, notwithstanding anything contained in the Act of Incorporation of the Bell Telephone Company of Canada or in any Act amending the same, the property and business of the said Company situated within the Province of Manitoba, including land, plant, poles, wires, supplies, buildings, works, rights, franchises, easements, assets and appliances of every kind and nature, shall be subject to the jurisdiction of the Legislative Assembly of this Province.

Your Committee have also prepared the draft of the Memorials to the Parliament of Canada as follows:—

To the Honourable The Senate (or House of Commons) of Canada, in Parliament assembled:—

The Memorial of the Legislative Assembly of Manitoba, in Session assembled, humbly sheweth:—

That it is very desirable in the interests of the people of this Province that the Government of Manitoba should be able to construct or acquire and to maintain and operate a public telephone system or systems throughout the Province, so as to insure reasonable charges for the use of telephones and uniform telephone service throughout the Province and a more rapid extension thereof to every part of the Province, and that it is expedient and necessary to such construction and acquisition that the said Government should have power to expropriate upon reasonable terms the property and franchises of any telephone system at present owned and operated in the Province, whether by companies organized under the laws of the Province or of the Dominion, and particularly of the Bell Telephone Company of Canada, but it is doubtful whether, under the law as it at present stands, such expropriation could be made and enforced under any statute to be passed by the Legislature of Manitoba.

Your Memorialists therefore pray:—

That an Act of the Parliament of Canada may be passed amending the Act of Incorporation of the Bell Telephone Company and the Acts amending the same, removing all such doubts and providing that the Government of Manitoba, when authorized by this House, may lawfully expropriate the property, franchises and business of the Bell Telephone Company, or of any other firm or individual or municipality operating or owning any telephone system in the Province of Manitoba, and empowering the Legislature of Manitoba to delegate to any municipality in the Province the same powers of purchase and expropriation with regard to any telephone system and the property thereof within its territorial limits as is sought by such Act to be conferred upon the Government of the Province; also providing that, notwithstanding anything contained in the Act of Incorporation of the Bell Telephone Company of Canada or in any Act amending the same, the property and business of the said company situated within the Province of Manitoba, including land, plant, poles, wires, supplies, buildings, works, rights, franchises, easements, assets and appliances of every kind and nature, shall be subject to the Legislative jurisdiction of the Legislative Assembly of this Province.

SPEECH

of the

HON. C. H. CAMPBELL

In moving Resolutions and second reading of the Bills respecting
Government and Municipal Telephone Systems

In the Manitoba Legislature, March 1, 1906

The Hon. Colin H. Campbell said:—

Mr. Speaker,—In rising to move this motion on the order paper, relative to the telephone situation, I will, with your permission and with the permission of the House, treat the Resolutions and Bills as a whole, in order that the matter may be more fully dealt with, and I think it may be found of greater advantage if we do so.

I realize the importance of the statement I am about to make and the far-reaching effect of the policy outlined in these Resolutions and Bills. It is in some ways the most important step the Government has taken; it certainly ranks next in importance to their railway policy or contract of 1901. The Government has justified the decision they then took. They were the pioneers in that class of legislation. It was new and was regarded by many as problematical, and many doubts were honestly expressed with respect to the working out of that contract. It is now an accomplished success; criticisms have ceased in respect of that policy, and I am bound to say that all subsequent legislation on railroads and aids thereto have practically followed the principle the Government laid down in their contract in 1901. Some of those Governments have been Liberal and some Conservative. So, sir, we realize that in this connection we are pioneers in the Dominion of Canada. By some this action is believed to be very radical, yet the Government, believing it to be justifiable and in the best interests of the people, are prepared and will take their stand on the principles of these Bills, and in so doing we feel that we will have the people of this province at our back, and that in so doing we will be supported by the people of this country. If I mistake not the people of Ontario are about to take a similar step in this direction. Some people thought we had done so much that we might stand on our record. I am glad to say that this Government and the party which it represents desire to be known as the constructive party, the progressive party, and do

not desire to live on their past. In making the policy of progress the policy of the Conservative party we may make mistakes, but at any rate we are making progress.

GOVERNMENT POLICY OF PUBLIC OWNERSHIP.

I realize also that in doing this we are committing ~~the Liberal-Conservative party to this policy~~, and the principles involved in it, but I strongly believe that in the days to come we will become stronger and that this policy will not only become the policy of the Conservative party of Canada, but of Canadians as a whole. That policy is the policy of public ownership of public utilities and franchises. To this we are giving our adherence, and when I say this I strongly disavow any policy of spoliation, and I would take this position that before entering into public or municipal ownership that it should be a condition precedent that if the private capital invested is desirous of being bought out it should be incumbent upon the Government to do so upon equitable terms. I think this would be desirable, safe, and conservative. The common sense of the people will determine what is a public utility, which it is desirable should be owned and operated by the people as a whole through government and municipal ownership. The action of the people in this direction in the past has been beneficial, and we can safely trust the people in the future in this regard. It is because the Government believes that the telephone can be classified as a public utility that we take our stand with the municipalities in this matter.

POLICY OF THE OPPOSITION.

I regret, however, that the silence of the opposition and their press has been very ominous. They have been dumb as oysters. They have no policy in this respect so far as is announced. The only policy that has been announced has been through articles in the Free Press, which I suppose speaks as the organ of the party. With what glory they announced that the ministry could not carry out their intentions because the Dominion Government would not allow them, and that the Bell Telephone Co. was in the hands of the Dominion Government. No doubt they find themselves dominated by the Federal party at Ottawa. It is well known that the Bell Telephone Co. have a very powerful influence at Ottawa and it is generally regarded as an open secret that the retirement of Sir William Mulock was because of his being balked in accomplishing what he desired in the matter of a telephone policy, and it is exceedingly significant that he was succeeded by one who was one of the counsel for the Bell company. The tendency of the Liberal party is toward corporate influence, but while for a time corporate money and the grafter may becloud the issue, I regard it that in the long run the Conservative party, standing by the people and with the people for government ownership and municipal ownership, will in the long run win. I believe, sir, that in enumerating the principles that we do in the Bills and in the Resolutions that the committee reported to this House, these will ultimately commend themselves to the people as a whole. Let me say I find no fault with the issue. If

the honourable gentlemen opposite desire to take issue with the Government in this respect we willingly take issue with them, and we believe our principles will ultimately succeed.

WHAT LED TO PRESENT ACTION.

Having outlined the Government position, I desire before dealing with the Resolutions and the Bills, to relate the steps leading up to this action, and then to outline the Bills. To the growth of the independent telephone companies in the United States, to the costly and limited service given by the Bell Telephone Company, and to the natural objection of the people of Canada to a monopoly, I attribute the bringing of these Bills to the House. In 1894 the basic patents of the Bell Telephone Company expired. That Company's operations were very irksome to the people of the United States because of the arrogance shown, the nature of the service given, and the general attitude of the management towards the people. They acted like Vanderbilt when he said in that classic phrase that has gone down to history, "The public be damned." They advanced a very fallacious theory. They said that the greater the number of phones in use the greater the cost per phone, and therefore as they had only selfish capital to serve they would act in the interests of capital. And so after twenty years or thereabouts of existence in the United States they had only about 250,000 phones in the country, a country of sixty millions population, or about one phone for 250 people. It was only given to the rich; the artisan and the agriculturist were denied its privileges. They were sneered and scoffed at, they were treated in a most despicable manner. The Bell Co. of the United States believed that they were so entrenched by their capital that they were safe. It seems to be the fate of monopoly, or rather one of its characteristics, that it seems blind in that respect and it seems to believe that it is justified in so acting, and to forget that, after all, the people are kings, if they act. The people were slow to act, but so great became the pressure that they said they would act and they did so, and of all the struggles entered into in war, politics, or finance, none have been more heroic than the effort of the independent telephone companies to shake off from the people of the United States the shackles of the Bell Telephone Company, second only in tactics and strength to the Standard Oil Company. The first attack they made upon the people was legal, and they put the Citizen's Companies through a long struggle, but finally it reached the Supreme Court of the United States and the independent companies won. That was about 1897. Then the field was clear and the people were free to act. I do not intend to weary the House with any lengthy details, but to simply give the figures which tell the tale, and giving these figures I give them as approximate estimates. In 1894 the Bell Co. had 250,000 phones, the Independent companies had none; in 1897 they had 600,000, and the Independent companies none; and in 1901, four years later, the Bell Co. had 1,000,000, and the Independents had risen to 1,250,000. The figures that are given for 1904 and 1905 show the ever-increasing ratio in favor of the Independent companies. Now we have a little less than two millions for the Bell Co. and three millions belonging to the Inde-

pendents, notwithstanding the fact that the Independent companies have been laboring under very great disadvantages which I shall point out later on. Their witnesses testified that if these difficulties were removed they would practically drive the Bell Company from the field.

CAUSES OF DISSATISFACTION.

We said that the people of the United States were not satisfied with the Bell people for two reasons. First the cost that was charged against them, and second the attitude of the Bell Co. in the management of their affairs. The Bell people conceived a plan by which they formed a holding company, a company holding the patents of that company in the United States. Then subsidiary or local companies were formed in different states and cities, but the conditions attached to these subsidiary companies made it impossible for them to give services at anything like reasonable rates. One of the conditions that was attached was that in all cases the Bell Co. should receive one-half of the control of the stock of the subsidiary company, that is to say, there should be one half water in the stock. Another condition was that they should pay the parent company \$14 for every phone in use in the United States. So you see that it was impossible for these subsidiary companies of the Bell Telephone Company to give anything like a satisfactory service at reasonable rates.

GROWTH OF INDEPENDENT COMPANIES.

Next I would like to point out to the House the great growth that has taken place, and the general effect that the formation of Independent companies has produced. I have selected one or two outstanding examples from the evidence that was submitted to the committee and the reports that we had the pleasure of receiving from the different gentlemen who testified before us. I have before me here a map of the Independent companies' lines for the State of Indiana in 1905. I think the State of Indiana has considerably less than one half the population of Canada, and yet so rapid and so great has been the extension of the telephone service in that State that after an operation of less than eight or nine years the State of Indiana practically possesses through the Independent companies alone twice the number of phones in Canada. From this map the House will observe how extensive has been the extension of the Independent companies in that State, so great has been the demand. The Inter-State Independent Telephone Company of Illinois, shows practically the same results as those I have mentioned. The number of phones and the extension there, has been equally as great if not greater than in the State of Indiana. I might also take up some of the lesser operations because I realise that in taking States of the size of Indiana and Illinois it might perhaps be said to be unfair. But I want to take one company, a company which would not be regarded as a large company, a company operating in Michigan, the Union Telephone Co., and I will read from the letter which the secretary of that company sent to Mr. F. Dagger in reply to an inquiry. He writes as follows:

Dear Sir:—

Herewith we hand you copies of information requested some time since relative to the Union Telephone Company's plant, and would say in addition thereto that this plant virtually occupies the territory known as Macosta County, Clare County, Isabell County, Gratiot County, Montcalm County, Clinton County, Shiawassee County, Midland County, and portions of Genesee County, Saginaw County, Ionia County and Ingham County. We have about 1,200 miles of toll line, and in the same territory the "Bell" people have about an equal number of miles of toll lines and about 400 telephones.

We are certain that as soon as we are able to connect with Detroit that as far as our territory is concerned the "Bell" people will be absolutely out of business. The same is true of that territory of the Citizens' Telephone Company, of Grand Rapids, and the Valley Telephone Company, of Saginaw.

Our capital stock is \$300,000 paid in, with indebtedness of about \$18,000. We have 138 toll stations and exchanges. No bonds. Yours truly,

(Sgd.) UNION TELEPHONE COMPANY,

Per T. Bromley, Jr. Secretary.

39 Exchanges.

99 Toll Stations.

2,534 Telephones. Average rental, \$15.00.

1,200 miles Toll Lines.

Capitalization per 'phone, including cost of toll lines, \$126.00.

Then follow the details of towns and villages in which that company operates, and it will be exceedingly interesting to this House and to the Province to look at the details which that report presents, because it is practically a duplicate of the different towns of this province outside the City of Winnipeg, beginning with Owassø, with a population of 8,696 and running on down to 3,600 and to a village with a population of only 100. From that it will be seen how great has been the growth. I would also mention another telephone company, the Ogle County Telephone Co., in Illinois, in the same respect. In four years' operation they have driven the Bell Company out. In the territory formerly occupied by them the Independent Company now has 1861 phones against 105 belonging to the Bell system. As I wish to deal with Grand Rapids a little later on I shall not give any more instances of the operation of the Independent companies in the United States.

ASSET UNDERLYING RESULTS.

What has been the great asset and the moving spirit that has given these results? The great asset which the Independent companies have possessed and which the Bell Telephone Company never can possess is the support and co-operation of the people behind the movement. So, sir, our policy on this occasion will not be effective unless we, too, have the people of the Province behind us, and as I wish, before I sit down, to outline the policy of the Government in this respect through which we may obtain the verdict of the people, I will not further continue that line at present.

EFFECT OF COMPETITION.

But before I proceed further I want to give the general result of the movement in the United States arising from this competition. In the first place it will be seen that the result has been an immense extension of the telephone system in all directions, and especially to

the farmer, and the result has been, speaking in general terms, that the rates have been cut in two. There has been practically a reduction of one-half. This, I say, is the result and the conclusion that the committee have arrived at from the evidence which they took and from the evidence which they secured from the Ottawa committee. It is interesting to ask, and I presume the question will be asked not only in this House but outside of it, with what satisfaction have the Independent companies operated? and when I speak of satisfaction I speak of satisfaction to the people. What is the result of there being two phones? because that is one of the great faults that has been found with our going into the telephone business. It is said that the telephone business is such a natural monopoly that we should not attempt to disturb it; that it is such a monopoly that we should only have one company operating. I do not think it can ever be said that the people of this Province or of Canada will continue to be satisfied with the operation of one company. Now I have here a table showing the general result taken from a number of cities as to the cost, or the result of there being two phones. I do not propose to weary the House with the reading of schedules showing the different rates charged, but will have these schedules embodied in the printed evidence that will be submitted. Let me say that this statement is made up from a total of 71 completed returns received from the Independent companies in the towns named. In 45 towns, two business telephones can be had for the same amount or less than was formerly charged by the "Bell" for one. In two towns the increased cost is only \$1, in one town \$3, in eight towns \$6, in one town \$10, in three towns (including Cleveland) \$12, and in one town \$18. These questions will answer the financial part. I agree that it is undesirable to have two companies, if possible to obviate such condition, but if we cannot get competition we cannot get a reduction of price, and if we can only get the benefit of competition for the people by entering into the operation of telephones, both as a province and as municipalities, I think we would be justified in so doing. Just at the present time I would like to read a testimony which, in my judgment, is very valuable testimony, given by Mr. E. H. Moulton, of the Twin City Telephone Company of St. Paul and Minneapolis. Mr. Moulton was a banker and was asked to interest himself in telephones, and he made a very exhaustive inquiry, looking into systems from one end of the country to the other. He had been very much impressed by the statements made by the Bell Company, and the fallacies (as he found them to be afterwards) that they advanced. He decided that the best way to get information, in addition to his own observations, was to address a series of questions to prominent business men throughout the States. He addressed five questions and received 1,400 replies from 189 exchanges in the United States. The questions, with a summary of the answers received, were as follows:

Question No. 1—Has competition resulted in better telephone service in your city, (a) As given by the Independent Telephone Company, (b) By an improved service on the part of the Bell Company?

Answers—(a) Affirmative, 1,245; negative, 26; (b) Affirmative, 982; negative, 154.

Question No. 2—Has competition increased the number of telephone subscribers?

Answer—Affirmative, 1,251; negative, 8.

Question No. 3—Has competition brought about greater civility, and more courteous attention to the wants of subscribers?

Answers—Affirmative, 1,222; negative, 37.

Question No. 4—Have rates for telephone service been reduced by the advent of competition, (a) By the reduction of "Bell" rates formerly charged; (b) By the establishment of rates by the Independent Company lower than formerly prevailed?

Answers—(a) Affirmative 979, negative 120; (b) Affirmative 1,236; negative 45.

Question No. 5—In your judgment, would it be preferable to return to the conditions prevailing before the advent of the Independent Company?

Answers—No., 1,245; yes, 14.

Of these fourteen Mr. Moulton stated there were not over five who said they would return to the old conditions of having one telephone, the remainder qualifying their replies by saying: "Yes, if we could get the same service at the same price," which, of course, was a farce. Naturally that could not be accomplished unless there was competition. I should have liked to read in detail many of the answers given, which are very instructive, but I do not desire to detain the house at too great length in the discussion of this question, and will, therefore, refrain from doing so. Permit me to quote, however, extracts from some of these replies, in which the subscribers give their views as to the suggested reversion to the conditions existing under the Bell monopoly:—

"No, I do not believe any business or private individual would for a moment think of choosing the old conditions."

"Opposition has made the telephone system of this district what it is today, the best in the country. Without opposition we would be where we were ten years ago, and would be still paying \$4.00 per month."

"No. We can now have both telephones for less than we formerly paid for the "Bell" alone, and about 1,500 connections where we had 200."

"Not much. It was a 'Russian' form of corporation."

"Decidedly and emphatically no."

"No, for rates would go up and not more than half the people could afford a telephone."

"Not by any means return to the old conditions. It would deprive hundreds of citizens of the convenience and use of a telephone."

"The advent of independent telephones has been a source of congratulation to the citizens and business men of this city. They have brought business to the city that never reached us before, and we earnestly hope that we may never have to return to the conditions prevailing before the advent of the independent companies."

Now, sir, in speaking of the case of the United States, it must be borne in mind that we were there treating the matter as between a company and another company. It was on the basis of competition, a return of profit to the respective companies. When we come to deal with the situation in Great Britain and in Canada we are able to deal with the question upon a different basis. The companies mentioned were formed for the purpose of private profit and gain. We all know that it is the almost universal way of dealing with the question in the formation of companies that a large amount of the stock that goes into

it is what is called watered stock, and in this the Bell Telephone Company led the way and gave the example to the other companies. I was very much struck by the remark made by an American in Chicago in this respect. He said: "Down here when we form a telephone company and it takes a million, we bond it for a million and then we issue preferred stock and common stock for the boys." Of course, the people pay the interest on the preferred stock and the common stock. Beneficial as has been the operation of the Independent companies operating under competition much better would have been results from government ownership and municipal ownership wherever such could have been applied.

THE TELEPHONE A PUBLIC UTILITY.

But before dealing with government ownership it would be desirable that we should at least demonstrate that the telephone is a public utility. The telephone is more or less a monopoly because to get the best use of the telephone it is necessary that the people as a whole should be connected with it, because with only a part of the residents connected it is certainly a great inconvenience; it does not give the service that the telephone is expected to give. We have been favored within a few days by an address that I have no hesitation in saying (it was by one William Richmond Smith) was made on behalf of the Bell Telephone Company, because it is a remarkable thing that William Richmond Smith, who may be a relative of John Smith (laughter) is not known very much to fame. But we find this address by William Richmond Smith delivered in Toronto and published in all the leading papers of Canada. I do not know whether they published it as a matter of news, or not, but it is a remarkable thing that the address in full should have been printed here in Winnipeg for the direction and guidance of this House. He says, in that address, that "a public utility is a service created to supply a convenience to the citizens which involves the use of the public streets in the construction of a permanent plant for the supplying of that service; an essential public utility is a service created to supply a necessary public need which involves the use of the public streets and which is used by a majority of the ratepayers." I find no fault with the general definition that he gives if he would add "if the public utility is such that it is absolutely essential to the commercial and social life." In that case it is right to be so classed. Apart from the adoption of this principle in many cities of Great Britain and many parts of Canada and practically the whole of the continent of Europe, I think we may rightly classify the telephone as a public utility because it has become a necessary part of our civilization, and if so it should be dealt with as a public utility. We cannot consider the system of telephones complete until every residence, including the farm home in convenient places, has been connected with every other. Present rates are prohibitive as regards the popular utilization of the telephone for anything but urgent business. Business necessarily compels, and the convenience of the house, the office, the store, and the workshop demands, the use of the telephone. More people use it today than yesterday, and more will use it tomorrow than today, and the use will con-

tinue to be increasingly great until every average farm house, every average citizen, will, and must, have the phone. As to the value and future of telephones I desire to read a short extract from the *Electrical World*:

"This paper now and what it was thirty years ago is graphically illustrative of the progress made in electrical science and invention. To my mind the greatest invention within or without this span is the telephone. The electric light is a priceless boon, the trolley a great utility, wireless telegraphy a wonderful achievement, but the telephone is all these and a blessed benefaction in human affairs as well. Its sublime simplicity and marvelous adaptability transcend all comparisons in the domain of pure and applied science. The extension of audible speech transmission from a stone's throw to a thousand miles, with a quieter inflection, is a work unrivalled. The world could better afford to go back to the 'penny dip' and the stage coach than give up the telephone."

GOVERNMENT AND MUNICIPALITIES SHOULD OWN AND OPERATE THE TELEPHONE.

But having said that it is a public utility, I think it is incumbent upon me to go further and say that it is such a public utility that the Government and the municipalities should own and operate the same as a system. It has been said that government operation and municipal operation of telephones has been a failure. I am afraid that figures and results do not justify that conclusion, however desirable it might be in the interests of some people to establish that fact. The growth, and development of the extension of the sphere of operation by municipalities along the line of the utilization of public utilities has been marvellous. If anyone should look back and see and trace the marvellous developments of the extension of municipal life in this direction they would be astonished. So far has the original purpose of municipalities been departed from that now in the old country and on the continent of Europe it has become a part of the function of municipal government to give to the people many advantages and many utilities that would not have been dreamed of a few years ago. We all know the great struggle that took place to have the water of a city or municipality placed under its own control and yet I undertake to say that the construction of municipal water works has been one of the greatest boons that the people have ever enjoyed. It seems to me the true principle upon which to place it. This municipal reform movement has been based more than anything else upon the principle of home rule for municipalities and the extension of their powers in this direction in order that the people who pay the cost, bear the burdens and enjoy the advantages of any municipality should have the administration of the public utilities within its bounds.

I am convinced that the future has in store advances along certain lines involving the social life and happiness of the people. The lines along which development is likely to take place will be the control or public ownership of common wants of the common people and the preservation of the rights of the people against corporate influences.

The development of municipal government along social lines on this continent and in the old land has been marvellous, but in no country has there been as much done as in Germany.

The German cities and municipalities are run upon excellent business principles and it is considered their function to undertake anything that will promote the well being of the community, provided that the undertaking will not involve a heavy burden of taxes without affording any compensatory relief, so that water supply and other services are given with profit and benefit to the community. I would like also to refer to other continental countries, but it might be considered foreign to the subject.

PROVINCIAL VS. DOMINION OWNERSHIP.

But it is said that these matters have not been a success from a government or municipal standpoint. I desire before discussing that to discuss the phase of whether it is desirable that the Dominion or the Province should own long distance lines. Some have said "We are in favor of the government ownership and control of telephones, but we would desire it to be in the hands of the Dominion Government." I do not think that is at all applicable to Western Canada. If you will look at the geographical position of Manitoba, lying west of Lake Superior I do not think it would be possible or profitable for communication to be extended to us with the great cities in the east, and it is desirable that the management and the company be as close to the people as possible. The Bell Telephone Company have got into difficulty with the people—one of the reasons was that their management was so far removed from the people. If the long distance lines of this Province are to be owned by the government the preferable government to own them would be the Provincial Government who would be easily accessible to complaint. If we had to have recourse to the government at Ottawa it would be so far removed that we would experience the same difficulty that we find in the management of the post-office or the customs. Everything has to go to Ottawa and it takes weeks and perhaps months to remedy the trouble. If we have the management of the long distance lines close at hand, as I think we should, we would better understand the conditions under which the different companies or municipalities in the province would be operating, and it would be more likely to meet the difficulties that they find in their operation and to remedy more promptly anything that was necessary to make the service a success. In the examinations conducted by the committee in the United States we found this: witness after witness testified and said: "We are very much hampered in our long distance lines and the cost of long distance telephoning has become too great because of the number of lines over which the long distance communication must be held," and one gentleman pointed out that the ideal system would be to have one government or strong company owning the long distance lines and giving the municipalities the right to use them. It seems to me that the first principle that we should lay down, if we are to preserve to the municipalities the right to home rule in this matter, would be that we should give to the municipalities the means of long distance communication and inter-communication, and that we should be able to give it to them at a very low rate at cost.

DECISION OF LEAGUE OF CANADIAN MUNICIPALITIES.

Next let me read to the House the decision of the municipalities of Canada upon this question. When the inquiry was going on in April last Mr. Lighthall, the secretary-treasurer of the League of Canadian Municipalities, wrote to the Postmaster-General at Ottawa, giving the decision of the League in reference to the telephone question and said as follows:—

"If anything more were necessary I am ready to say that the general sentiment of municipal men through the country, particularly of those who have paid attention to the question, is unanimously against the telephone powers which infringe on local control of streets and franchises as being based upon a very bad principle, and is also nearly unanimous in favor of government ownership of long-distance telephone lines, and local control of local telephone franchises in municipalities of any size. There is a very widespread conviction based on what appears to be solid ground of fact, that the Bell Company's rates are far higher than they ought to be. If my own inquiries into the matter are of any use, and I may say that I have followed it without any prejudice weighing many statements and much published matter on both sides, I consider that the progress of the use of the telephone as a home comfort among the mass of our people is immensely retarded by the present virtual monopoly, although the business service in the largest circles appear to be comparatively courteous and prompt, especially under the pressure of recent criticism. But in our climate and with the isolating conditions of our winters and of our thinly settled country, every possible effort ought to be made by Parliament to spread facilities for cheap and easy telephone communication. It appears to me that the matter is one, not only of great advantage but of justice to our more struggling citizens, and few things would be better for the advancement of the country than if it could be said of Canada, as it is everywhere said of Sweden and can also be said of parts of the Western States, that the isolation of the farm is abolished and good telephones placed within easy reach of the means of every class of household."

And, sir, in this same respect I would quote from the Canadian Engineer of May, 1905, in which it says:

"If the Government decides to own the long-distance telephone lines, leaving free play to local enterprise and local control, the reform would gain to Canada an ideal service, and at the same time would bring to the Government a new source of income which would increase in importance as this greatest of all modern means of communication extends throughout the Dominion."

MUNICIPAL OPERATION IN GLASGOW.

Let us look at this matter of government and municipal operation in its practical operation here and elsewhere. Many municipalities in Manitoba have acquired their own lines. This policy is endorsed by the Municipal League of this Province and has, I think, been found to be correct and desirable by the committee that has been appointed by this House. We have had in this Province the successful operation of municipal phones; we have had not only here but in different parts of Canada the same report. We have also had the operation of municipal phones in Great Britain. John Bull and the canny Scotchman cannot be fooled by any fair tales and they have refused to be humbugged by those, as I say, who desire to erect scarecrows to the commencement of government and municipal telephone services. The British Government has, as is well known, decided that they shall operate the telephone service as a great public undertaking. Glasgow and other cities have done likewise. Glasgow has been held up as one

of the ideal places, but the attack on Glasgow has been very fierce because of the successful operation of this public utility municipally in that place. We have had expert after expert going over and coming back and telling us that the municipal telephones in Glasgow were a failure, that they were cooking the accounts, and all kinds of things, in order that it could be declared that there had been a failure. I have before me the report for the last year of the Glasgow operation. They have been in operation since 1901. And let me say on this point that the cost of construction of telephones in Great Britain is much greater than the cost of construction of telephones in this country, because the poles that are used must be creosoted and other conditions are demanded which make it very onerous; in fact in the City of Glasgow they have built conduits for the wires throughout the whole city. The cost of construction there is greater than in Canada, but it is fair to say that possibly the cost of operation may be less owing to the wages of the men operating being lower. Glasgow has been in operation since 1901 and I have before me the balance sheet for the year ending May 31, 1904. The balance sheet shows that the net revenue, after deducting expenses, cost of maintenance and repairs, was £20,519. Now from that we deduct interest on loans that have been made in this respect £8,525, and to provide a sinking fund, £8,343, and after doing that they still have a surplus of £3,650. The report for the year ending May 31, 1905, shows the net revenue to be £20,746, out of which is deducted interest on loans amounting to £9,188, and for sinking fund £10,053, leaving a surplus on the year's operations of £1,504. Since they have commenced operations they have borrowed altogether for the construction of this work £302,936, and they have repaid by means of the sinking fund £26,163. And bear this also in mind that out of the revenue derived by Glasgow they have kept the services up to standard and they have kept the plant and instruments up to standard. And in addition to that they have had to pay the Government of England 10 per cent. royalty on all their receipts. They have not only been able to meet their maintenance and repairs, not only to provide interest and sinking fund, but also to have a large surplus. And at what rates have the City of Glasgow given this service. They have about 12,000 phones and the cost of unlimited service in the City of Glasgow and its suburbs amounts to about \$25, and in addition they have erected and maintained over 300 public pay stations. You can enter any one of those public pay stations and make use of the telephone for one penny. These, Mr. Speaker, are the figures and statements as given of the use of the telephone in the City of Glasgow. They are certified by a leading firm of public chartered accountants in that city and there is no cooking of these accounts.

Let me also deal with the question of depreciation, because it is upon this question of depreciation that a great deal of mystification is made. It is said that it costs so much to maintain. I have forgotten the figures that the Bell Company say that it costs for maintenance, but it is some very large sum. Now what is the experience of Glasgow: they say that the postoffice adopted 2 1-2 per cent. and they found it

ample. The City of Glasgow say that is **more** than ample, and that it is a debatable point whether it is necessary with a **sinking fund**, to provide anything for depreciation, because it will be seen **that** if the telephone service is to be kept up to efficiency (and the public **will** demand that) it must be maintained properly, and it will not be allowed to run into disuse or out of repair and be really better because of betterments thereto. I do not think it is necessary for me to read anything more of the experience of Glasgow, but in passing I would just make this observation, that I think that the citizens of Glasgow or the citizens of any city in Scotland may be trusted to guard their own interest so far as any financing is concerned. Let me quote for you a statement made by an independent gentleman from the States who visited Glasgow. Mr. Frederick M. Adams writes in the Brooklyn "Eagle":—

"The Glasgow telephone service is the best I have ever inspected. Mr. Bennett informed me that statistics showed that the average time required to make a connection was less than fifteen seconds. I made a test on my own account and called up ten subscribers. Of the nine who responded, the average time from unhooking the receiver to answers from those addressed was fourteen seconds. It should be explained that the telephone booth is practically unknown in the office of a Glasgow business man. The instrument is on the edge of his desk, and the receiver and transmitter are in one piece. This aluminum device is connected with a wire cord, and the customer may converse leaning back in his chair or walking about the room as he prefers. It is a most decided improvement over the clumsy and antiquated system which yet prevails in most exchanges in the United States."

In speaking of the Glasgow rates, Mr. Adams says:—

"Permit me to make a contrast. I live in a suburb of New York City, and it costs me forty cents to telephone to any part of the city, and fifty cents to get a connection with Brooklyn. Newark, New Jersey, is only twenty-five miles away and the rate is seventy-five cents for a few minutes' conversation."

The following figures, taken from the report of the Corporation Telephone Department for the year ending May 31st last, make an interesting study, and it will be noted that the financial position of the undertaking is growing stronger each year, so much so that in a few years we may look forward to a reduction of the already low rates:—

	1902	1903	1904
Capital Expenditure	\$938,415.00	\$1,319,468.00	\$1,526,208.00
Average Cost per Station (including spare plant and preliminary expenses)	171.26	144.65	136.67
Amount Borrowed and not repaid	902,809.00	1,181,136.00	1,390,338.00
Gross Revenue	129,118.00	271,400.00	359,450.00

MUNICIPAL OPERATION IN BRIGHTON.

Brighton has also adopted municipal 'phones. They have been very fiercely attacked, however, by the National Telephone Company of Great Britain, which corresponds to the Bell Company of this country, who were continually stating that the people of Brighton were not satisfied with the service given by the city and who have frequently asserted that the municipal service was "inferior and inefficient."

As a result of this, A. R. Bennett, the engineer of the municipal system, issued enquiry cards on the subject to all subscribers having the telephones of both systems, and the following is a summary of the replies received:—

In favor of municipal service	398
In favor of Company's service	5

No difference	12
Satisfied with municipal, but expressed no opinion about Company	38
Uncertain	4
Total	447

Eighty-four of the 398 emphasized their verdict by such remarks as "By far." "Most decidedly." "They cannot be compared." "Municipal the only efficient and trustworthy one." "Most emphatically." "Without hesitation." "By a very long way." "Unquestionably." "Absolutely the very best," etc.

MUNICIPAL OPERATION IN CANADA.

Now, sir, I think that these two instances in Great Britain and the action of the Government of Great Britain itself, ought to set at rest those questions. But it is said that in Canada they have been a failure. We have not had as large an experience because of the condition of affairs prevailing and because of the monopoly enjoyed by the Bell Company, but I would like to take some of the instances well known to this House. Take the Town of Neepawa, where the service is given at \$20 for business phones and \$10 for residences. I would like to take the cities of Port Arthur and Fort William, and that affords an object lesson which speaks for itself. In those cities with a population of 15,000, prior to the construction of the municipal system, which arose through dissatisfaction with the attitude of the officials, and the service that they were receiving from the Bell Company, there were about 200 phones. There has been through the municipal service an increase in two years from 200 to over 1,300 phones owned by the municipality and I have just forgotten the number owned by the Bell Company, but they have not increased their number to any extent, and would not have any foothold left in that town except that which is given them through their contract with the C.P.R. Company, a contract that is harmful and ought not to be tolerated. In order to get connection with the C.P.R. depot or any of the stations of the Company the city was asked by the railway committee at Ottawa to pay an enormous sum, somewhere in the neighborhood of \$85,000. I think it is fair for us to say that municipal telephones have been a success and that government telephones have been a success not only in the places I have mentioned, but on the continent of Europe. The experience resulting from competition, as I have already pointed out would result in practically cutting in two the Bell Company's rates, but so far as the operation by the municipality or by a government is concerned, I think the rates of the Bell Company could be more than cut in two, and I shall give you the figures that I think justify me in that conclusion, and when I say that I do not desire to commend cheapness as the sole reason for the construction of a telephone system. I desire that to be one of the reasons, but I desire over and above that, the benefits and the satisfaction of that kind of service that would be obtained by a municipality as compared with a corporation. Now, sir, the question will be asked,

is the cost in Canada too great, too great as to long-distance lines and too great as to local service? In my own judgment there can be but one answer to that question. The existing telephone rates, according to the report of Mr. Dagger, the Dominion government expert are certainly too great. His report is as follows:—

EXISTING TELEPHONE RATES.

The rate charged in Canada at present for a modern telephone service are approximately as follows:—

	Business.	Residence.
Cities over 30,000 inhabitants	\$50	\$30
Towns 5,000 to 20,000 inhabitants	25	25
Small towns	20	20
Villages	20	15

That these rates are excessive is evidenced by the records of other countries, notably the independent companies in the United States, in Sweden, Denmark, Norway, Switzerland and other European countries, also the state of Guernsey and the municipality of Glasgow.

There is no doubt that the over-capitalization of the Bell Telephone Company of Canada is the cause of the high rates charged to telephone subscribers in the Dominion. It is on record that the American Telephone and Telegraph Company held stock valued at \$1,928,900 out of the Canadian Bell Company capital of \$5,000,000, allotted to the former company for the use of patent rights long since expired. To pay 8 per cent. upon this \$1,928,900 the sum of \$154,312 has to be provided out of the rentals paid by the Canadian telephone users, or in other words, an average tax of \$3.66 per telephone has to be furnished over and above what is necessary to pay an 8 per cent. dividend upon the actual capital outlay upon the plant.

Another reason for the excessive charges is the fact that the development of the telephone has passed through several stages since the date of the original patents, and at each stage the apparatus in use becomes obsolete, rendering it necessary in the larger exchanges for the Company to partially reconstruct their system and install improved plant. There being no adequate depreciation fund in existence to cover the cost of this reconstruction, the expenditure upon this work has been charged to the capital account, thereby increasing the amount upon which dividends had to be earned, with the result that today the plant of the local systems could be duplicated for about one-third of the total capitalization and bond issues.

As a parallel case I may mention the National Telephone Company of Great Britain, just after the Postal Telegraph department had taken over the long-distance line, when in the House of Commons, in April, 1898, Mr. Hanbury, Financial Secretary of the Treasury and Chairman of the Parliamentary Telephone Committee, referring to the National Telephone Company, said:—

“Without entering into any minute calculation as to the value of the plant of the Company, while he believed its capital stood at a value of something like 6,000,000 pounds sterling, the postoffice calculation was that the plant could be entirely replaced at a cost of very little over 2,000,000 pounds sterling.”

I do not wish to make any unfair criticism of the methods of the Bell Telephone Company, but the fact remains that the State or any Municipality or company, desiring to establish a modern telephone system, could give a service at much lower rates and earn satisfactory profits, because their capital outlay would be very much less than the amount upon which present telephone users have to pay dividends.

I do not know upon what capital the people of Canada pay dividends to the Bell Company, but every subscriber of theirs in the United States has to pay interest on \$410 per phone. I do not make that statement on my own authority, but on the authority of a statement made in an address in New York by a gentleman qualified to speak on the question.

RATES ARE EXCESSIVE.

I do not wish to detain the House by giving the statistics as to excessive charges. I have before me a statement of the charges of nearly every country operating in Europe. All these countries operating long-distance lines give the service at one-half the cost of the Bell Company in the United States and Canada. The charges in the United States and Canada are double the British rates and four times as much as the German. There would appear to be no satisfactory reason for this, as it is well known that the cost of the English trunk lines is very much greater than of those upon this continent for the following among other reasons:—

1. Much heavier copper wire is used, the lines weighing 800 lbs. to the mile as against 200 lbs.

2. Poles have to be imported and creosoted, whereas here native cedar is used.

3. Porcelain insulators and iron bolts are used in England, glass insulators and wooden pins here.

I am satisfied that the present rates in Canada could be cut in two and still leave a very satisfactory profit on the working.

Whatever may be said of the cheapness of labor in those countries as against the labor of this country, that is in my judgment more than offset by the extra cost that has to be paid by the Old Country and continental countries for the construction of their systems.

Now, sir, I believe from these figures and from the experiences of other governments and of municipalities, I am justified in making the statement that a better, more efficient and more satisfactory service could be given than is now given, at less than one-half the rates that are now charged. I think that the desirability of government and municipal ownership after the experience that has been shown is not any longer an experiment, but that we can really depend on its being a decided success. A great deal of mystification has in the past surrounded the telephone question. We have been mystified by many statements, but I think it is acknowledged that the mystery that surrounded the construction and operation of telephones no longer exists, and we can construct and operate as cheaply as the Company can, with much better satisfaction to the people. I want to read further from Mr. Dagger's report on the rural telephone system, one of the chief questions in this matter. Mr. Dagger says:—

RURAL TELEPHONE SYSTEMS.

This branch of telephony has been absolutely neglected and discouraged in Canada by the existing Companies, for the reason that it does not prove such a lucrative business as the exchange in towns and cities. Owing to the isolated positions of the farmers the telephone would prove an almost greater boon to them than to those residing in towns and cities. For this reason, encouragement should be given to this, the most important section of Canada's population, which will enable them to enjoy the benefits of this great invention at the lowest possible

cost. No class of people are in a better position to help themselves in this matter than the farmers, for the reason that the most important and expensive part, namely, the poles, grow upon their lands, and in the majority of districts the farmers are only too eager to provide and erect them at their own cost. The following is the cost per mile of the wire in place on the poles with the necessary insulators, etc.:—

Grounded circuit (1 wire)	\$12.50
Metallic circuit	25.00

Suitable instruments with long-distance transmitters and receivers can be obtained from \$10 to \$15 each. Those in use in the notorious Markham and Green River system cost the first-named sum. It will therefore be seen that twenty farmers on ten miles of line could erect their own system less the cost of the poles for the following amount:—

Grounded circuit	\$225, or \$16.25 each
Metallic circuit	450, or 27.50 each

Assuming that there were only ten farmers, or one per mile, the cost would be, per farmer, \$32.50 for ground circuit, and \$45 per metallic circuit.

The actual price agreed to be paid to the contractor of the Markham system is \$36 per station for 22 stations on 17 miles of metallic circuit.

As I have before said, in most districts the farmers could and would provide poles for themselves, but in the event of these having to be purchased, the additional cost would be from \$25 to \$40 per mile. It is not possible to estimate closer than this, for the reason that the prices of poles are governed by the distance from the point of construction, and also by the supply and demand in the locality.

I may say that the practice heretofore of the Bell Company, and possibly of other companies of which I have no record, has been to get the farmers to erect the poles and wires at their (farmers') expense, and afterwards to charge an annual rental per station for connection with their system, which in many cases has proved prohibitive. Further than this, after the line has been in existence some time, the Company have claimed it as their property, and in cases where there has been no explicit agreement the farmers have given up their rights. This you will understand has made the farmers very reluctant to deal with the Company on any terms.

They have been neglecting this phase and I think the most important phase of the question. We had the benefit of the testimony of Mr. Valentine, the President of the Wisconsin Independent Company, and he gave us one of their experiences in regard to the benefit to farmers. They have, by an arrangement with the Washington government, the weather reports telegraphed to them between seven and eight o'clock in the morning, and the first duty of the operator is to call up every farmer on the line and inform him of the weather conditions. It so happened that one day the reports suggested that there would be heavy rain in the afternoon. It was in the haying season, and through receiving the report in the morning the farmers were able to make preparation and save very large amounts of money, more than would have paid for the telephone for many years. In taking that illustration I might take other illustrations as to the benefit and saving it would be to the farmer, but I do not think it takes very much logic to convince the farmers of the great advantages that would come to them as the result of having phones.

ATTITUDE OF THE BELL COMPANY.

Before I proceed, I think I should say something as to the attitude of the Bell Company. I do not wish to say any-

thing derogatory to the Bell Telephone Company except what has been brought out by this inquiry. I do not think I am overstepping the bounds or going too far when I say that the service of the Bell Company has been unsatisfactory and also too costly. It is impossible for me here to go into detail. I think it is wholly owing to their desire to make money and their attitude and belief that the more they restrict the service the greater will be the profits. We cannot look for progress from the Bell Telephone Company. Their theory, as testified at Ottawa and here, is that the more phones you have the more the cost, and if so I contend it is better and more advantageous for them to restrict the service, to impose such conditions as will conduce to the least use possible. They are looking for returns to capital and I do not blame them in that respect. If this statement was honestly made, we cannot look for a decrease in the cost of phones in the City of Winnipeg; the cost must increase, and when the city is double the size we must look forward to a considerable increase in the cost of our telephone service. I do not think the citizens of this city view that feature with any satisfaction. The Bell Company think that principle to be sound, and if we do not step in now in the early history of Manitoba and say that we will have a competitive system, just as sure as the sun will set tonight the Bell Company will increase their rates. I do not think their theory is sound; I do not think practice supports it. In Montreal there is three or four times the population and the cost of phones is the same as here. With the position of the Bell Company in that respect the situation in this Province is hopeless, but I am pleased to say that it is the unanimous verdict of the committee that it is not well founded, because it is not the experience of other cities. I desire to read the evidence of Mr. Moulton of Minneapolis and St. Paul on this point. Of all the manual exchanges that I have ever come in contact with, the service of the Twin City Telephone Company of St. Paul and Minneapolis is the best. The best service on this continent given by the manual system is that of the Twin City Company. When we examined Mr. Moulton the following was part of his evidence:—

Mr. Roblin—Do I understand you to say that as the number of telephones increased, the cost per 'phone decreased? A. Yes, that is my testimony. It is diametrically opposed to that of the "Bell" people, but I think the "Bell" people are talking for effect, and not to take it as it is. They base their assertions on the fact that a multiple switchboard is in arithmetical ratio and progression so that the last section of a 5,000-line board, say, is a very expensive affair; consequently, they say the first section in cost was \$12 a 'phone line, the last section cost \$30. This is true, but every other expense decreases. Now they either decrease or they do not increase. Here are our figures which carry out exactly what I tell you. They are taken from our books and figures on from 5,000 to 10,000 telephones. When we had 5,000 'phones, our expenses were \$81,383.32, which was \$16.27 per 'phone; when we had 6,000 'phones the expenses were \$90,872.70 or \$15.14 a 'phone; with 7,000 the expenses were \$99,704.98, the cost of the 'phones then becoming \$14.24. For 8,000 'phones the expense was \$110,751.92, and the expense per 'phone was \$13.84. When we had 9,000 it was \$122,318.56 or \$13.61 per 'phone, and at 10,000 there seems to be an increase, a little perhaps because we took more expensive help. It was \$141,059.75 or \$14.10 per 'phone. In St. Paul 5,000 cost \$68,026.36, so every 'phone only cost \$11.60 against \$16.27 in Minneapolis. The reason was our general offices were located in Minneapolis and all our expensive help and engineers were there. St. Paul had no such expense.

Mr. Roblin—No charge for management? A. No, and 6,000 'phones cost \$86,917.77, which is \$11.16; but a 10,000 exchange established according to our figures would be about \$14 per 'phone.

The Chairman—What does that \$14 cover? A. Everything; it covers operation, maintenance, taxes, insurance, stationery and every possible expense attending.

Mr. Roblin—Does it cover interest on capital? A. No sir.

The Chairman—Does it cover keeping up the equipment. A. Yes.

Mr. Moulton in his evidence further says that 2 per cent. would be ample for depreciation. We were told at St. Paul and Minneapolis that \$14 covers everything for a 19,000 phone system. If \$14 be the cost in those great cities, all that there is to be added to the cost of \$14 is the interest upon capital expended. His testimony, so far as Minneapolis and St. Paul were concerned, was that it cost for the establishment of a phone about \$140, including the cost of buildings. If 4 per cent. is computed and added, there would only have to be added \$5 for interest, or we could in the City of Winnipeg have the exchange up to 19,000 at no greater cost to the people of this city than \$19 or \$20 per phone. And when I say that I speak regarding a system that far excels the present one, and I am making no derogatory remarks about the present system that we have in the City of Winnipeg. But when I come to deal with the automatic system I will show you that if that is a success this estimate is \$5 too much, because the cost of operation of an automatic system is just one half of that of the manual system.

ATTITUDE OF THE GOVERNMENT TO THE BELL COMPANY.

Having spoken of the attitude of the "Bells" to us, I want to speak of our attitude to them and the request we have made for powers of expropriation. We are willing, and I will say desirous of buying out the Bell system, either by mutual contract or expropriation. We desire neither to despoil the Bell Telephone Company nor to confiscate them. We will take them over if we lawfully can, but if not, that will not deter us from entering this business, and if they can compete with a municipal system operated at cost, well and good, the people will get the benefit of it. The resolution deals with a request for powers of expropriation. Is this a reasonable request to make? I think so. The legal rights of the Bell Company have been upheld in the Privy Council in a suit with the City of Toronto, and therefore I say that there is no way that we can obtain the right of expropriation except from the Parliament of Canada. The Company has been made by the Dominion a Company "for the general advantage of Canada," and if they are for the general advantage of Canada I think it is not unreasonable to ask the government to place them within the jurisdiction of the provinces and let the provinces deal with them along the lines of expropriation if they are unable to make a reasonable contract with them. We propose to go to Ottawa for this. It is a reasonable request, and we trust it will be granted, and we trust in this matter to be joined by some of the other provinces and by the municipalities of Canada.

Another resolution of the committee deals with the increase of the capital of the Bell Telephone Company. Why do we

oppose the granting of this enormous increase of capital? I think I ought to explain to make matters clear upon that point. The Bell Company got a charter, a most extraordinary charter, a charter which if I remember correctly Sir Wilfrid Laurier said was most extraordinary, and such as would never again be granted by the Parliament of Canada. They are now going to the Parliament of Canada for a privilege, namely, the extension of their capital. Is it unreasonable now when they ask the privilege from Parliament for this enormous increase of capital, that the Parliament should ask from them their subjection to municipal and provincial control? I say it is a violation of municipal rights for any corporation such as the Bell Company to be entrusted with such absolute and despotic power that they can go into the City of Winnipeg and into the municipalities from one end of Canada to the other, and without leave or consent in any shape or form, tear up our streets and generally act the tyrant and the despot. The municipalities of Canada, when the Bell Telephone Company asked for an increase of capital some time ago, passed a resolution opposing it vigorously. Toronto led the opposition and the application was then refused. Time has only emphasized the desirability of not increasing the Bell Telephone capital, unless they submit to reasonable restrictions and conditions. Now is the time they should be controlled in the interest of the people, and I do not think as a general policy that the Parliament of Canada should give greater powers to the Company to be exercised and used for the perpetuation of a monopoly which as heretofore exercised has not been favorable and satisfactory to the people of Canada as a whole. They ask for these extensive powers, and I think they should submit themselves to the conditions. Now a clear issue comes in between the Dominion Parliament and the people of Canada on this matter, and I hope for the sake of the people of Canada there will be no uncertain sound in the answer of the Dominion Parliament. I hope that although the Bell Company is strong in the counsels of the Parliament at Ottawa, the Parliament will take such a position that it will not be possible for them to have their capital increased without agreeing to these reasonable conditions. The question is this: Shall the monopoly be thus strengthened, or shall its grasp be loosened? I trust that the action that Ottawa will take will be such as the will of the people of this country desires. In this connection I would like to read an extract from *The Canadian Engineer*:

"As regards the situation in Canada, what has been accomplished in Great Britain and the United States should be achieved with equal success here, and our object in presenting these facts is to show how groundless are the assertions that telephone competition is not successful; and also to give encouragement to those who are endeavoring to obtain for the people a better and cheaper service by the introduction of municipal or independent systems. As we have stated before, while we are glad to notice the agitation in favor of Government ownership of the long-distance lines, we are convinced that this can only be made possible by weakening the grasp of the present monopoly by the creation of a number of local competitive systems to an extent which will compel the Government to recognize the necessity of providing means of intercommunication which no company or individual can limit or control. There is a great future for competitive telephony in this country if those responsible for the provision of public utilities will unite in one common effort to meet the needs of the people, by the provision of local systems either by

the adoption of municipal ownership or the granting of franchises, with reasonable safeguards, to responsible companies.—The Canadian Engineer.

THE AUTOMATIC SYSTEM.

Now I do not intend to say anything further in that respect, but I desire next to deal with that part of the report of the committee that recommends the automatic system. The committee had the pleasure of visiting Grand Rapids, one of the cities in which the automatic system is in operation, and I think I am saying what was the unanimous verdict of the committee, including the officials of the City of Winnipeg who inspected the automatic system, when I say that we believe that system to be the system of the future. Its great superiority was demonstrated to the committee beyond a doubt. The only objection that it is possible to raise is that it is or may be possibly considered in the experimental stage. From the evidence taken and the enquiries made by the committee it seemed to us that it had passed the experimental stage, and that its successful operation was a demonstration that it had done so. In Chicago we took evidence and we had this testimony: That one phone had been subjected to 18,000 calls and upon examination of the equipment it was found that there was absolutely no appreciable wear and tear, that the instrument was just as good as originally. In the city of Grand Rapids we found that they had had an experience of some years, and their experience was absolutely in favor of that system. After a most careful enquiry and test they adopted it. They have now 8,000 automatic phones in use with absolute satisfaction. The committee tested it and I think no member of the committee found any fault with it. Its great superiority over the present system is the facility with which you can make your calls, the absolute secrecy of carrying on business. There is the phone (exhibiting an instrument) as used. If you desire to call any particular number you do it very quickly and very easily. You take off the receiver, make your call according to your numbers, and you are connected and you ring the party directly. You are immediately in connection and no one can hear what you say. One of the great advantages is the absolute quickness with which connection and disconnection is made. The moment you place the receiver back you are disconnected and ready to make another call.

Hon. Mr. Roblin—What about the line being busy?

Hon. Mr. Campbell—If the line is busy you do not get the connection, but the instrument gives back a buzzing intermittent sound which is the busy signal. I was going to point out that the secretary of the Board of Trade desired to call a committee together a week before we were there, and he gave a list of the names to the stenographer and told her to call them up. She had 57 calls to make, and she delivered the message to the whole 57 inside 50 minutes. Not only does it possess these great advantages, but the experience of the company in Grand Rapids is that the automatic system is just half as expensive to operate as the manual one, or there is a saving of \$5 a phone. If the cost of a manual system in Minneapolis or Winnipeg would be about

\$19, including interest on capital, and if from that is deducted the saving that would be made in the operation of the automatic system, the cost of the phone for the City of Winnipeg should not exceed \$16, and that for the greatest satisfaction with the service given. I have here before me a list of the various cities in which this automatic system is at work, some 60 places altogether, and from all the information we can obtain it is working with absolute satisfaction. In order, however, that we may be on the safe side, the committee make this proviso, that while it is of the opinion that it is the system of the future, it would be wisdom on the part of the government to make further enquiries before definitely deciding to adopt it.

Grand Rapids has the same population as Winnipeg, and there are more people using the Citizens' system there than there are using the "Bell's" here. There is a Bell system there, but it has dwindled until it is no factor in the situation, and the citizens are satisfied that \$1 of the Citizens' service is worth \$5 in the old system. In the city of Grand Rapids it cost about \$125 per phone to establish the system. The rates charged there are \$24 for residences and \$36 for business phones, and this rate yields a large return on the capital invested and a carrying forward to the balance sheet of a considerable amount for profit and loss.

Hon. Mr. Roblin—The company that operates there is a private corporation, is it not?

Hon. Mr. Campbell—They are a private corporation and they pay a handsome dividend on their capital stock, and they lay aside a considerable sum of money.

Mr. Horace Chevrier—Are they the owners of this patent?

Hon. Mr. Campbell—No; the patent is owned by the Automatic Electric Company of Chicago, but the company at Grand Rapids is an absolutely independent company.

COST OF CONSTRUCTION.

I think I would be justified in saying, taking a city of the size of Winnipeg, that we could reduce the prices charged in Grand Rapids by a considerable amount and still have a handsome profit. That is against the \$30 and \$50 now charged by the Bell Company. I would like to give here an estimate of the cost of the installation of such a system as I have described in the City of Winnipeg. We could put in in this city, I believe, from the figures that the committee ascertained, 10,000 phones at a cost not exceeding \$1,250,000, if the experience of Grand Rapids is maintained, and I believe other places have had similar experience or a better experience. The City of Winnipeg could enjoy a much better service than they now enjoy at one-half the cost that it is now incumbent upon them to pay. In so far as the country is concerned, the cost of construction, generally speaking, is about \$45, \$50 or \$55, which would be an outside price. Let me say also that this Citizens' Company of Grand Rapids also operates farmers' lines.

at a very small cost. The automatic company have invented and have in operation a system by which four parties can be on the same line and one can be called up without the rest, and there is not the difficulty that has been experienced in the past in the party line system that where one man was called up every telephone on the line was necessarily called up, so this four party line service has all the advantages of an independent phone.

Hon. Mr. Roblin—But would not every one of the four taking down the phone be able to hear?

Hon. Mr. Campbell—Yes, but he would be unconscious of the other party having been called up.

(The House here adjourned for dinner.)

PROVISIONS OF THE BILLS.

On the resumption, Mr. Campbell said:—When the House rose I was discussing the general principles that are embodied in the Bills and that had caused the Government to take the action we have in respect of the introduction of this policy in connection with telephones. I had just finished the discussion of the automatic system and the recommendation of the committee in reference to that system. I do not intend to continue the discussion any further along these lines, but to discuss shortly the various provisions of the the several Bills that the Government have submitted for the consideration of the House and for the consideration of the country in reference to Government telephone and telegraph systems.

TELEGRAPH OPERATION ON TELEPHONE LINES.

It will be observed that with respect to section 1 of the Bill with respect to Government Telephone and Telegraph Systems, we seek powers not only to operate telephones but also to operate telegraphs. The Government have no intention to enter into the operation of telegraphs as a general system, but the committee learned on their enquiries and saw in operation an invention in regard to telephones and telegraphs which they advise the Government to take power to utilize in the Bills I submit. There is an invention in the application of telephones to telegraphs by which on the same wire there may be at the same time carried on a telegraph and a telephone system. So far the application of the use of the telegraph along the lines of the telephone has been restricted to this use, namely, that they have used the telegraph for the purpose of always keeping the long distance lines in constant operation. By the use of the telegraph the operator can notify a person who is waiting to use the long distance line that his turn will be immediately following, and they can to the fullest possible extent make utilization of the telephone system and make it earn a very large return. So far it has been used only for that purpose, but as one of the witnesses who testified before the committee said, so far as the telegraph is considered its utilization is so

much velvet for the telephone company. It does not cost anything for its installation, and the use that may be made of it is very beneficial to the telephone and it may in its ultimate operation be of great benefit to the people. So the Government have added to section 1 the right not only to operate telephone lines, but to be able to take advantage of any movement that is made in this direction. I think this is likely to prove very desirable and a very advantageous source of revenue for the owners of telephone systems in the days that are to come, and it would be but right that the Government should avail itself of that.

ACQUISITION OF EXISTING SYSTEMS.

The second section of the Government Telephone and Telegraph Systems Bill deals with the power to purchase by way of expropriation or otherwise, any of the existing systems. As I have already pointed out, this will not be of any avail so far as the Bell Company is concerned unless we obtain the powers that we seek by way of expropriation from the Dominion Government. It will be seen from clause 3 that the price is to be fixed in accordance with "The Manitoba Expropriation Act," and if we cannot agree arbitrators are to be appointed and the price to be fixed by them and both parties are to be bound. We believe that is a fair way of determining the value of the plant of the Bell Telephone Company. I do not think the Bell Telephone Company have anything to fear by way of receiving compensation if the price is so fixed. Mr. Hanbury in fixing the value of one system gave the National Telephone Company practically three times what it was worth, because of the leaning arbitrators always have in favor of parties expropriated as against the Government. So it will be seen that the Government may have to pay an exorbitant price, but I think we should be justified even in paying an exorbitant price for the purchase of the interests of the Bell Telephone Company. The arbitration will be made, and then within three months the Minister of Public Works can enter upon possession.

Mr. Horace Chevrier—Or not.

Hon. Mr. Campbell—Or not; but we have not that intention. We have fully made up our minds to go into this business. The Government may issue debentures for the payment of the monies required for the acquisition of any system. It will also be observed from the Bill that the Government may either carry on the operation of the telephones as part of the Public Works Department of the Province, or they may, if they so desire, carry it on under a Commission. Without committing the Government to any definite statement in that respect, it seems to me that it would be more desirable that it should be carried on under a Commission than that it should be carried on as part of the Government departments. It would be, I believe, found in its operation to work more successfully under a Commission than in the other manner suggested, because a Commission could possibly be more independent of certain influences that might be brought to bear than if it was operated under the direction of a department. One of these Commissioners is to be a qualified professional engineer.

MUNICIPAL SYSTEMS.

That deals generally with the Government Bill. In respect of the municipal part of the proposed scheme I wish to say that when the Bill reaches committee I shall ask for certain amendments to that Bill. The Government believe that the time has come for the municipalities to definitely state whether they desire to enter into this system of telephones, and there will be submitted when the matter reaches the committee, a provision that on or before the next municipal election the municipalities shall submit the question, to which the electors shall vote aye or nay, whether or not they are desirous of causing municipal telephones to be erected in their municipality. By so doing we shall at once determine whether or not the municipalities of this Province are willing to co-operate with the Province in respect to the construction of telephones. We shall thus have an easy, quick and effective way of arriving at the state of public opinion, and we with confidence await the verdict of the municipal electors at the next municipal elections as to whether a municipal system should be extended throughout the Province, and whether they are desirous of receiving the benefits that would result to them.

GOVERNMENT ASSISTANCE TO MUNICIPALITIES.

Then it will be observed that the Government propose that they should render that financial assistance to the municipalities which is requisite and necessary in order that they may erect a system. The advantage is this, that before doing so the Government will see that the system which is about to be erected is in accordance with the municipal system which ought to be constructed throughout the Province in order to make it effective. They would lay down the principle, I think a justifiable principle, after receiving the advice of the engineer as to the kind of construction that is best adapted for the locality that is desirous of adopting the municipal system, because it will be recognized I think by everyone, that the same system that will be in vogue in one municipality might not be that which would be best adapted for another. In some of the sparsely settled municipal districts a system not involving a very large expenditure of money would be found both effective and practical in its operations in that municipality, while in those municipalities where there is a larger settlement and where the use of the telephone would be much greater, they would require possibly a better and more costly system than in a sparsely settled district. Upon this point I do not apprehend there will be any difficulty, because I have not the least doubt that every municipality will be desirous of receiving that professional advice which the Government will endeavor to render them through the employment of a qualified electrical engineer, who will be employed in the laying out of the system from one end of the Province to the other, and I say the services of that engineer will be at the disposal of the various municipalities. After the municipalities have determined this question, then the Government stands ready and willing to finance the scheme for them. It will no doubt be considered

wise in the judgment of this House that the municipalities which enter into this system shall have such financial endorsement as will enable them to obtain the money necessary for the carrying on of this principle, at as low a rate as possible, and I believe the Government are justified in guaranteeing the bonds for these municipalities in accordance with section 8 of this Bill. We will not only have the credit of the municipality, but each municipality will have an asset equal to the obligation that they enter into, and the municipalities will also have under municipal organization an equipment with sufficient return to enable them to meet the demand of the interest and to provide a sinking fund equal and sufficient to meet these bonds on their maturity. And they will have this advantage, that with the usual allowance or percentage necessary to lay aside for a sinking fund, they will at the expiration of those debentures have paid for the telephone system, and will then own the asset absolutely free from debenture obligation, and be enabled thereby to give to the municipal customers still lower rates.

I have no doubt that this phase of the question, the submission of a by-law to the people of the Province on or before the next municipal election will meet with the approval of this House and will meet with the approval of the electors of the Province as a whole. It is, I am sure, recognized not only in the interests of the Province, but it is very desirable that at as early a date as possible we may know where this system is to be established. It is necessary that this system should extend from one end of the Province to another, that it should be a complete system, and that it should be a universal system, that will result to the advantage not only of the Government but of the municipalities.

It will also be seen from the Bill that the Government make provision for joint, reciprocal arrangements. The arrangements now made are upon a principle on which there is little dispute. The arrangement in the south is a percentage basis fair to the owners of the long distance lines and fair to the originating company that gives them the business. The Government desires that there should be such a reciprocal arrangement between the one municipality and another, so that those who are subscribers in one municipal system shall have the right of being connected with the users of other systems at as low a rate as possible. I am sure the House and the country as a whole will recognize that that is fair and equitable and just, and one that will conduce to the advancement of the general business of the Province and be beneficial to the whole Province. In this matter we do not enter into it solely for the purpose of a money-making scheme, but we enter it for the purpose of giving to the Province as a whole the advantages that will come and will necessarily accrue as the result of a general system of telephone systems through the Province.

I do not desire to detain the House at very great length. I think I have outlined fully and clearly the proposition of the Government with regard to this proposal. In concluding I desire to point out that the Province is in its early history. We are laying the foundations of municipal life, town and city, and immediately will come develop-

ments and demands along the lines outlined in these Bills. The Government and the municipalities must consider the principles to be laid down in dealing with matters of public utility which are in the nature of a monopoly, and which can be better carried on by the municipalities and the Government for the people than under corporate influences.

We desire to especially benefit the agriculturalist, to add to his ability to satisfactorily and successfully carry on farming operations, to remove any disabilities under which he labors, to make the farm as attractive as possible, and to remove his present isolation. The invention of labor-saving machines in the operation of agriculture have materially lessened the number of people who can be advantageously employed in the tillage of a given area, and the consequence is the lessening of population in the rural districts, and a tendency to isolation, causing discontent and uneasiness, and drifting to cities and towns. The old traditional social life of the rural parts has passed away. I am convinced that in the past we have not given that care and consideration along these lines to the agricultural life of this Province that we should.

It requires every effort on the part of the Government to make the farm life more attractive and as agreeable as possible, and it does seem to me that means should be created by which the social isolation of the farm will be minimized, rural life made more attractive, and by which the farmer will obtain the business advantages that will result. No greater boon can be conferred on the farmer than municipal telephones. And what I have said of the farmer extends with equal force to the citizens and other users of the telephone in the cities, towns and villages.

Our aim, therefore, in conjunction with the municipalities, is to serve the people, to benefit them materially and socially. We take our stand for the people, being confident that they will endorse us.

With every confidence, sir, I submit these Resolutions and Bills for the judgment of this House and the people of Manitoba, and by their verdict we will stand.

The minister took his seat amid loud and prolonged applause.

Mr. Chevrier—I would like to ask the Hon. Minister what the Government will do in the event of the Dominion Parliament refusing its request for powers of expropriation in relation to the Bell Telephone Company?

Hon. Mr. Campbell—The Government will be delighted if the Dominion Government will give us the powers of expropriation which we ask. If it does not, however, that will not deter this Government from constructing long distance lines in conjunction with the municipi-

Mr. Chevrier moved the adjournment of the debate.

APPENDIX

FORT WILLIAM, ONTARIO.

Financial statement of the Board of Commissioners in relation to the telephone service of the town for 1905:

CONSTRUCTION.

Debentures Issued	\$35000 00	
Unprovided	5904 86	
		<u>\$ 40904 86</u>

EXPENDITURE.

January 1st, 1905	\$31428 77	
Street Wires	5297 72	
Service Connections	3513 73	
Power System	598 09	
Kakabeka	139 28	
		<u>\$ 40977 59</u>
Less amount paid by Kakabeka Power Company		<u>72 73</u>
		<u>\$ 40904 86</u>

MAINTENANCE.

Earnings—

Rated Telephone Subscribers	\$ 8167 74	
Special Telephone Subscribers	51 28	
Balance January 1st, 1905	494 98	
		<u>\$ 8714 00</u>

Expenditure—

General Expense and Fixed Charges	\$ 1334 57	
Power System and Switch Boards	1760 44	
Street Wires	708 80	
Service Connections	730 71	
Rebates	176 00	
Interest on Debentures	1350 00	
Sinking Fund	1277 35	
		<u>\$ 7337 87</u>
Profit to date		<u>1376 13</u>

\$ 8714 00

Profit on Year's Business, \$881.15.

PORT ARTHUR, ONTARIO

Statement of income and expenditure in the Telephone Department of the town during 1905:

INCOME.

Receipts from Commercial Subscribers.....	\$ 3714 85	
Receipts from Residence Subscribers.....	4504 51	
		\$ 8219 36
Sale of Desk Sets, etc.		191 60
Accounts due to Dec. 31st, 1905.....		160 75
		<u>\$ 8571 71</u>

EXPENDITURE.

Superintendence	\$ 572 25	
Rent	130 35	
Insurance	58 30	
Miscellaneous and Repairs	1258 85	
		\$ 2019 75
Printing, Advertising and Stationery.....		224 28
Operators' Salaries		1359 90
Sec'y-Treas. and Proportion Salaries Clerical Staff.....		546 25
Proportion Rent Town Office		161 00
Interest on \$12,000.00 Debentures.		600 00
Principal \$9,000.00 Annual Debentures		417 08
Interest \$9,000.00 Annual Debentures.		450 00
Interest on \$4,500.00 Capital Expenditure over Debentures Issued, three months at five per cent.		75 00
Depreciation on \$20,000.00 Capital		400 00
Stock on hand Jan. 1st, 1904.	107 40	
Stock on hand Dec. 15th, 1905.....	90 05	
		17 35
Balance Gain		2301 10
		<u>\$ 8571 71</u>
Expenditure on Capital Account.....		\$ 6040 00

IN WESTERN CANADA.

Table showing Municipal and local Independent telephone rates in Western Canada:

Municipal Systems—	Population	No. phones		Present municipal rate		Former Bell rate	
				Business	Residence	Business	Residence
Fort William. 8,000		635	20	\$24	\$12	\$35	\$25
Port Arthur . 7,500		634	17	24	12	35	25
Neepawa. . . 2,000		182	8	20	10	30	20

Independent local companies	Population	No. phones		Rates per phone		
		Town	Farmer	Business	Residence	Farmer
Gladstone	900	75		\$20	\$15	\$15
Yorkton	1200	90	60	18	10	18
Birtle	450	39		18	12	
Russell	450	49		16	12	15
Melita	800	83	15	18	12	18

GLASGOW.

Telephone Department.—Abstract statement of revenue and expenditure and capital expenditure account for year ending May 31, 1905, and capital account and balance sheet, as at May 31, 1905.

MEMBERS OF THE COMMITTEE ON TELEPHONE SERVICE.

The Lord Provost (Sir John Ure Primrose, Bart.); Bailie Shaw Maxwell, Bailie Stewart, Bailie Forsyth, Bailie J. P. MacLay, Hugh Alexander, James Alexander, W. F. Anderson, William Borland, Hugh Brechin, A. Scott Gibson, Robert Harvie, Jas. H. Mathieson, Hugh J. Miller, Alex. Murray, Wm. F. Russell, D. M. Stevenson, William Wallace.

James Alexander, Convener; D. M. Stevenson, Sub-convener; William Borland, Convener of Finance Committee; John Macfee, M.I.E.E., General Manager; A. R. Bennett, M.I.E.E., Consulting Engineer.

FOURTH ANNUAL REPORT BY THE COMMITTEE ON TELEPHONE SERVICE TO THE CORPORATION OF THE CITY OF GLASGOW.

The committee beg to submit to the corporation of Glasgow the abstract statement of revenue and expenditure for the year from June 1, 1904, to May 31, 1905, together with the capital account and balance sheet as at May 31, 1905.

SUMMARY OF REVENUE AND EXPENDITURE.

Proportion of rentals brought from last year	£24,170	19	9
Rentals received and outstanding for the year from June 1, 1904, to May 31, 1905	£54,051	2	6
Less proportion of rentals applicable to year 1905-06 carried to suspense account	25,165	7	0
		28,885	15 6

Sundry receipts (including terminal fees, £473 17s. 1d.)	£ 2,369	8	9½
Revenue, applicable to 1904-05	£55,426	8	9½
Working expenditure (including post office royalty, £5,538 15s. 5d.; and terminal fees, £673 18s. 4d.)	34,680	8	3
Net revenue	£20,746	0	6½
Out of which the following requirements had to be met:—			
1. Interest on loans	£ 9,113	7	11
2. Sinking fund	10,053	6	8
	19,241	14	7
Leaving a surplus on the year's operations of..	£1,504	5	11½
which has been carried to general depreciation fund.			

This amount, together with the sum of £5,743 7s. 5½d. standing at the credit of the account as at May 31, 1904, makes the total sum laid aside for general depreciation purposes, £7,247 13s. 5d.

MAINTENANCE.

The whole plant is being efficiently maintained out of revenue.

BORROWING POWER

Borrowing powers authorized under section 2 (2) of the Telegraph Act, 1899:—

1. On April 12, 1900	£120,000	0	0
2. On February 19, 1902	100,000	0	0
3. On February 23, 1903	80,000	0	0
4. On March 15, 1904	50,000	0	0
Total	£350,000	0	0
Deduct amount of sinking fund for year to May 31, 1902..	£ 1,960	0	0
Deduct amount of sinking fund for year to May 31, 1903..	5,806	13	4
Deduct amount of sinking fund for year to May 31, 1904..	8,343	6	8
Deduct amount of sinking fund for year to May 31, 1905...	10,053	6	8
	26,163	6	8
Net amount of borrowing powers as at May 31, 1905	£323,836	13	4
Amount borrowed and not repaid as at May 31, 1905	302,936	13	4
Amount of unexhausted borrowing powers as at May 31, 1905	£20,900	0	0

SINKING FUND.

The following table shows the payments out of revenue to sinking fund at the rate of $3\frac{1}{2}$ per cent. per annum:—

Year of Borrowing	Gross amount Borrowed		SINKING FUND							
			Amount paid as at May 31, 1904		Amount paid during year to May 31, 1905		Total amount paid as at May 31, 1905, and applied in reduction of debt			
			£	s. d.	£	s. d.			£	s. d.
Year to May 31, 1901	58,800	0 0	5,880	0 0	1,960	0 0	7,840	0 0		
" 31, 1902	115,400	0 0	7,693	6 8	3,846	13 4	11,540	0 0		
" 31, 1903	76,100	0 0	2,536	13 4	2,536	13 4	5,073	6 8		
" 31, 1904	51,300	0 0	.....	.....	1,710	0 0	1,710	0 0
	301,600	0 0	16,110	0 0	10,033	6 8	26,163	6 8		

CAPITAL EXPENDITURE.

The capital expenditure for the past year has been incurred in completing the Bell street exchange, laying down new cables in various districts, and extending the system generally by the construction of lines and apparatus for new subscribers—it amounted to £2,949 14s. 10d.; adding the sum of £320,782 12s. previously incurred, there is a total capital expenditure of £350,273 16s. 10d.

The switch-rooms at present in operation are as follows: Central, Bell exchange, Western, Bridgeton, Kinning Park, Queen's Park, Govan, Maryhill, Springburn, Milngavie, Shettleston, Clydebank, Rutherglen, Kirkintilloch, Stepps, Clarkston, Cambuslang, Bearsden, Duntocher and Balmore.

The following statement shows the work which was contemplated under the original scheme and the work actually completed:—

Work	Original Schemes	Actually Completed			
		1901-02	1902-03	1903-04	1904-05
Completed instruments.....	5,250	5,479	9,122	11,405	12,362
Partially-completed lines....	1,200	8,787	7,387	9,065	10,293
Switchboard accommodation	6,050 lines	7,060 lines.	10,826 lines.	12,062 lines.	13,334 lines.
Pairs of cable wires underground.....	6,450	14,572	18,171	21,874	24,618
Mileage of pairs of wires in cables.....	4,000 miles.	11,061 miles.	14,029 miles.	17,597 miles.	19,001 miles.
Length of trenching.....	2 miles.	84 miles.	127 miles.	143 miles.	152 miles.
Pipes going out of exchanges	32	126	135	150	162
Capacity of pipes going out of exchanges.....	6,900 pairs of wires.	27,000 pairs of wires.	31,000 pairs of wires.	36,000 pairs of wires.	40,000 pairs of wires.
Length of pipes.....	32 miles.	104 miles.	127 miles.	140 miles.	157 miles.
Length of underground cable	31 miles.	113 miles.	162 miles.	205 miles.	221 miles.
Ground poles.....	2,326	691	1,799	2,544	3,006
Roof standards.....	456	228	243	239	239

The following tables indicate briefly the financial operations of the department :-

	1901-02		1902-03		1903-04		1904-05	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.
1. Total capital expenditure.....	192,693	0 0	270,938	0 0	320,782	0 0	350,274	0 0
2. Average gross cost per station.....	35	3 4½	29	14 0½	28	2 0½	28	6 8½
2½. Total capital expenditure.....	(including spare plant and preliminary expenses)							
3. Amount borrowed and not repaid.....	172,240	0 0	242,533	0 0	285,490	0 0	302,936	0 0
4. Total revenue.....	14,096	0 0	35,014	0 0	49,639	0 0	55,426	0 0
5. Total revenue per station.....	2	11 5½	3	16 9	4	7 0½	4	9 8
6. Rentals carried forward to following year	12,417	0 0	20,715	0 0	24,170	0 0	25,165	0 0
7. Public telephone receipts.....	29	0 0	225	0 0	776	0 0	1,137	0 0
8. Working expenses, excluding P. O. royalty and terminals.....	6,832	0 0	15,968	0 0	23,154	0 0	28,468	0 0
9. Interest paid.....	2,080	0 0	6,642	0 0	8,537	0 0	9,188	0 0
10. Sinking Fund paid.....	1,960	0 0	5,806	0 0	8,343	0 0	10,053	0 0
11. Depreciation Fund.....	398	0 0	1,694	0 0	3,650	0 0	1,504	0 0
12. Loss on terminal fees.....	725	0 0	1,131	0 0	299	0 0	200	0 0
13. Royalty to Post Office.....	1,379	0 0	3,405	0 0	5,007	0 0	5,539	0 0
14. Total expenditure.....	13,698	0 0	33,320	0 0	46,000	0 0	53,922	0 0
15. Total expenditure per station.....	2	10 0	3	13 0½	4	0 7½	4	7 2½
16. Percentage of Sinking Fund paid, plus Depreciation Fund to total capital expenditure.....	Percent.	3·93	Percent.	4·2	Percent.	4·67	Percent.	3·79
17. Percentage of total expenditure to total revenue.....	97·17		95·16		92·66		97·28	
18. Percentage of total revenue to capital expenditure.....	7·31		12·92		15·47		15·82	
19. Percentage of outstanding rentals to gross rentals.....	13·95		9·91		7·44		7·74	
20. Percentage of working expenses, less interest, Sinking Fund and depreciation to revenue, less royalty.....	31·68		55·25		54·02		58·41	
21. Stations working.....	5,479		9,122		11,405		12,362	

SERVICE AND TRAFFIC.

The traffic through the various exchanges has continued to increase during the year, the rate at the end of the year being 40 millions per annum, counting each call as being equal to two messages. The trunk traffic has also shown an increase over the previous year. The loss incurred in terminal fees amounts to £200, against £299 last year.

PUBLIC TELEPHONE OFFICES.

The number of public call offices now open throughout the area is 362. The number of calls made from these offices during the year exceeded 300,000.

GENERAL REMARKS.

The negotiations between the Postmaster-General and the National Telephone Company, Limited, during the past year created a condition of doubt as to the future position of municipal telephony, and has led to diminution of activity in telephone work generally.

The agreement resulting from the negotiations has been the subject of careful consideration by the committee, in conjunction with the

committees of the other telephone-owning municipalities, and evidence was laid before the Parliamentary Select Committee on behalf of the municipalities.

JAMES ALEXANDER,

Convener of Telephone Committee.

JOHN MACFEE,

General Manager.

Glasgow, September 1, 1905.

MICHIGAN.

Table showing extension of system of the Union Telephone Company (independent) in Michigan:

Place	Population	Began date	Our phones	Bell phones	Our rates	
					B.	R.
Owasso	8,696	1901	491	190	\$24	\$18
Mount Pleasant. . .	3,662	1900	343	79	16	12
St. Johns	3,288	....	272	...	18	12
Alma	2,047	1899	150	4	16	12
Midland	2,363	1901	134	...	18	12
Ithica	2,020	1899	126	...	16	14-12
Ovid	1,293	1901	91	...	16	12
Clare	1,326	1902	90	10	18	12
Shepard	635	1900	75	...	14	10
Corunna	1,516	1902	65	...	24	18
Lakeview.	935	1900	57	...	14-12	12
Edmore	642	....	56	...	12	9
Elsir	576	1901	55	...	12	10
Lyons	656	1901	55	...	12	12
St. Louis	1,989	1899	55	...	16	12
Stanton	1,243	1901	53	...	12	12
Breckenridge	500	1899	50	...	9	9
Carson City	906	1899	50	...	12	12
Merrill	459	1899	45	...	12	9
Muir	566	1901	35	...	12	12
Caleman	1,014	1902	34	...	16	12
Harrison	647	1900	30	...	12	9
Morrice	476	1902	22	...	12	12
Perrington	330	1902	21	...	12	9
Percy	641	1902	20	...	15	10
Bannister	300	....	14	...	12	9
Sheridan	437	1901	13	...	12	9
Riverdale	450	....	7	...	12	12
Butternut	275	....	6	...	9	9
Pompei	300	....	3	...	12	12
Hemlock	300	....	4	...	12	9
Vickeryville	100	....	2	...	12	6
Weidman	500	1901	2	...	9	9
Maple Rapids	579	....	2	...	12	12
Crystal	300	....	2	...	9	6

Place	Population	Began date	Our phones	Bell phones	Our Rates B.	R.
Durand	2,134	1902	1	...	\$12	..
McBrides.	289	....	1	...	6	..
Middleton.	325	....	1	...	12	..
North Star	300	1901	1	...	12	..

COMPARISON OF RATES.

Table showing a comparison of rates in the United States as between the Bell Telephone Company and the Independent Companies:

PLACE	Population	Date Began	Independent Phones	Bell Phones	Independent Rates		Former Bell Rates		Independent Capital	Capital per Phone
					B.	R.	B.	R.		
Ottumwa, Ia.	20,000	1897	1,050	200	\$ 24	\$ 12	\$ 75	\$ 48	\$80,000	\$ 80
Waterloo	15,000	1895	800	400	30	18	50	35	150,000	19
Saginaw, Flint and Bay City	95,000	1898	2,360	4000	20-30	12-18	42-48	30-36	230,000	97
Cleveland, O.	381,768	1900	9,122	12,000	48	36	120	84	2,500,000	250
Zanesville, O.	30,000	1902	1,100	1,300	33	18	60	36	200,000	182
York, Penn.	36,000	1896	1,800	750	30	18	60	48	200,000	111
Fall River, Mass.	108,000	1901	800	1,600	36	24	125	Var.	135,000	*170
St. Paul and Minneapolis	450,000	1901	7,000	1,200	48	30	120	66	1,500,000	215
Duluth, Minn.	60,000	1900	1,615	1,500	30	20	54	54	200,000	124
Louisville, Ky.	220,000	1902	6,000	5,000	48	24-30	4*	30	5,000	+22
Fort Wayne, Ind.	50,000	1896	2,500	700	36	24	64	64		
Oswega, N. Y.	25,000	1898	500	200	30	18	60	40	70,600	175

*Automatic.

†Put profits in extensions.

THE DUAL SYSTEM.

Table showing cities and towns in the United States where telephone competition has not increased the cost to subscribers who are compelled to use both systems:

PLACE	Rates Now			Total present cost of 3 phones	Bell Rates Before Competition		Total cost of 2 phones before competition	Annual Saving
	B. P. Bell	Ind B. P.	R. P.		B. P.	R. P.		
Waterloo, Ia.	\$30	\$30	\$18	\$78	\$30	\$36	\$ 86	\$ 8
Saginaw, Mich.								
Bay City, "	24	20-30	12-18	56-72	42-48	30-36	72-84	16-12
Flint, "								
Cleveland, O.	84	48	36	168	120	84	204	36
Sandusky, O.	48	30	18	96	72	48	120	24
Johnstown, Pa.	6-36	30	24	60-90	60	48	108	48-18
Fall River, Mass.	90	36	24	150	125	48 up	173 up	23 up
St. Paul and Minneapolis	24-72	18	30	102-150	120	66	186	84-36
Duluth	54	30	20	50-104	54	54	108	58-4
Louisville, Ky.		18	24-30	72-78 up	96	60	156	84 d'w's
Columbus, Ind.	24	24	12	60	48	30	78	18
Auburn, N. Y.	30-54	30	24	84-108	72	60	132	48-24
Grand Rapids, Mich.	30	30	20	80	50-48	40	90-88	10-12

This statement is made up from a total of 71 completed returns received from the Independent companies in the towns named. In 45 towns two business telephones can be had for the same amount or less than was formerly charged by the "Bell" for one. In two towns the increased cost is only \$1.00, and in one town \$3.00, and in eight towns \$6.00, one town \$10.00, in three towns (including Cleveland) \$12.00, and in one town \$18.00.

GRAND RAPIDS, MICHIGAN.

Extracts from the annual report of Secretary of the Citizens' Telephone Company:

To the Stockholders of the Citizens' Telephone Company.

The ninth full year of operation of your company closed with June 30th, and has been one of the most satisfactory years in the history of the corporation. The statistics of growth are embodied in the following table:

	July 1 1904	July 1 1905			
Grand Rapids	5,605	6,633	Grattan	19	42
Allegan		370	Grawn	5	7
Alto	60	64	Grant		41
Athens	25	99	Greenville	504	562
Amble		3	Harrietta		10
Bailey		30	Harvard		6
Baldwin	38	33	Hastings	478	538
Bellevue	89	102	Hersey	12	21
Belding	267	359	Holland	684	779
Big Rapids	8	10	Hopkins Station		38
Byron Center		80	Hudsonville	10	18
Cadillac	628	853	Ionia	545	606
Caledonia	180	172	Jamestown		3
Cannonsburg	15	18	Jenison	15	30
Cascade Springs	46	49	Kalamo	6	6
Casnovia	29	10	Kent City	19	15
Cedar City	15	21	Kingsley	48	111
Cedar Springs	141	173	Lake Odessa		62
Clarksville	122	164	Lansing	1,843	1,791
Coral	14	36	Leland	9	10
Dimondale	198	202	Lowell	354	364
Dutton		54	Luther		46
Evart	110	180	Manton	86	105
Empire	17	13	Marion		37
Fellows	56	48	Mason	232	294
Freeport	131	131	Mesick		22
Fremont	149	180	Middleville	227	256
			Morley		12
			McBain	23	38

PUBLIC TELEPHONES

	July 1 1904	July 1 1905		
Moline	90	123	Sherman	25
Maple City	15	15	Sparta	34
Nashville	265	278	Suttons Bay	31
Newaygo	54	56	Traverse City	1,171
Northport	23	25	Trufant	11
Omena		5	Tustin	34
Old Mission	32	47	Vermontville	342
Paris		3	White Cloud	21
Portland	474	540	Wexford	10
Potterville	157	158	Zeeland	104
Provemont		5	Zutphen	3
Rockford	236	292	Leelanau Co. (toll station)	13
Sand Lake	52	56	Toll Stations	130
				16,338 19,742

Last year you were informed that the net growth of the city exchange during the preceding twelve months was 440 telephones; this year, as the table shows you, the net growth of the city exchange was 1,028 telephones. This remarkable increase proves that the new automatic service is giving satisfaction to its users. This will become more apparent to you when it is stated that the net addition to the city exchange during the last six months of the fiscal year was 591 telephones, as compared with the 437 of net growth in the first six months of the year; and this large growth, it should be remembered, is at prices for service which are \$6.00 per annum higher for both business and residence 'phones than the prices charged by our competitor in Grand Rapids.

The tabulation of the statistics as given a year ago is retained in the report this year, and brought down to July 1, 1905, in the same form that was then given:

	Capital Stock Issued	City Telephones in Service	Telephones in Entire System	Toll Line Pole Mileage	Toll Line Circuit Mileage	Toll Points Citizens System	Gross Earnings	Dividends Paid
1896	\$ 47,600	832	.....	.....	.....	.....	\$ 43,742.05	.....
1897	86,735	1976	.....	.....	.....	.....	57,524.50	7,737.00
1898	129,960	2339	.....	.....	.....	.....	72,532.50	13,493.43
1899	205,850	2915	.....	200	400	.....	104,173.81	22,971.69
1900	391,125	3347	5459	400	900	84	147,557.64	39,544.32
1901	571,380	3588	6960	774	1630	88	196,110.98	56,255.75
1902	847,065	4523	10496	858	1917	105	274,343.79	82,777.75
1903	1,212,880	5165	13981	1020	2164	107	343,392.43	112,150.16
1904	1,609,280	5605	16388	1116	2453	130	418,441.27	139,551.63
1905	1,910,985	6633	19742	1352	3008	138		

A tabulation of statistics of the year's business is here given:

EARNINGS.

Exchange rentals	\$321,535.18
Tolls	84,078.29
Other income	12,827.80
	<hr/> \$418,441.27

EXPENSES.

Operating	\$105,124.95
Maintenance, reconstruction and depreciation	101,831.78
General expense, interest, taxes, etc.	47,114.39
Dividends	139,551.63
Carried to surplus	24,768.52
	<hr/> \$418,441.27

In the immediate system owned by the Citizens' Telephone Company and the systems in which it has a large or controlling interest, there are to-day in excess of 25,000 telephones in service. Surely this is a wonderful growth of an enterprise which began in such modest and unpretentious manner but ten years ago, and which has provided service but a month more than nine years. The elements of this service outside of your immediate corporation have each and all grown because of its example, one might almost say from it. At the time when your company began service, July 1, 1896, there were in the entire State of Michigan but few more than 13,000 telephones in operation. A consideration of these figures conduces to a just pride in the work accomplished, and more especially when it is remembered that many points now have service which had none then, many other points have exchange service which had nothing but long distance service then, and the character and quality of both exchange and long distance service have been improved in almost equal ratio with the increase in service indicated; and still the demand for service throughout the region identified with this movement seems to be growing rather than lessening, and once the telephone is established in business or residence service it is not often dismissed.

You will be interested in knowing the number of stockholders and the location as at present known. In giving you these figures as to stockholders the total number of persons actually investors in your company is not actually shown, for in cases of joint or collective ownership of a certificate of stock, and such cases are numerous in your corporation, the holding is considered as representing but one stockholder. The total figures of persons immediately interested are undoubtedly more than two hundred larger than the statistics present. Of the total of 1,605 stockholders 1,068 are residents of this city, 409 are residents of Michigan outside of Grand Rapids, and 128 are residents of thirty-three states and countries other than Michigan. Of the stock now outstanding in round figures \$1,330,000 is owned by Grand Rapids people, \$420,000 is owned outside of Grand Rapids in Michigan, and \$185,000 is owned by stockholders outside of this State. It is very evident that the total number of stockholders steadily increases and this is an element of great strength and importance to the company. The number of new stockholders added during the year just closed (and in this mention is made in the popular rather than in the statistical sense as above explained) is 297.

The general conditions of the Independent telephone movement in the State of Michigan continue quite as satisfactory on the whole as when you met a year ago. Nearly all the companies report a considerable growth of business and expansion of service, and they are earning, and the larger companies are paying, dividends; except two or three relatively unimportant exchanges, all have remained independent so that the opportunities for business of your company throughout the State have increased and are increasing, and prospects are encouraging. This is particularly true as to long distance service to and from Detroit, where arrangements have but recently been perfected for the installation of several more copper circuits connecting with your system and other independent interests in Michigan, work upon which is now in progress.

As to conditions outside of the State, at the annual meeting of the National Association held in Chicago in June, it was reported that the movement has made greater progress and has been more generally prosperous the past year than ever before. This induces greater confidence on the part of officers and managers of independent companies, and they are securing larger and still larger percentages of the business, so that in several states the independent service is already much the larger telephone service. Indiana, as an example; our nearest neighbor has more than 160,000 independent telephones as compared with less than 50,000 in the other system, and in Ohio the independent companies have double the telephones that their competitor has.

Grand Rapids, August 1, 1905.

E. B. FISHER,
Secretary.

GRAND RAPIDS, MICHIGAN.

Comparative statement of expense of operation and maintenance of manual and automatic telephone systems:

MANUAL EXCHANGE.

Operating expense for year ending December 31, 1903—

Exchange Labor	\$32120 28
(This includes Local Operators, Traffic Manager, Information Clerks, Switchboard Men and Rack Man.)	
Inspection Department	8039 38
(This includes Wire Chief, Trouble Men, Trouble Clerks and Supply Boy, but does not include Installers and Movers. They are kept in a different account and their time charged to Maintenance or Construction in accordance with the work done.)	
Maintenance wagon and reconstruction wagon.....	6648 57
(These two were combined in pay rolls at that time).	

\$46808 23

There were 4,830 telephones in service at the beginning of the year and 5,115 at the end of the year, an average of 4,977.

Above departments cost \$9.40 per telephone per annum.

AUTOMATIC EXCHANGE.

Operating expense for year ending June 30, 1905—

Exchange Labor	\$ 3601 42
(This includes Rural Operators, Traffic Manager, Information Clerks, Switching Operators, and part of Matron's time.)	
Switchboard Men	5981 00
(This includes Switchboard Men and Rack Man.)	
Inspection Department	10720 00
(This includes Wire Chief, Trouble Clerks, Trouble Men and Supply Man, but does not include Installers and Movers. They are kept in a different account and their time charged to Maintenance or Construction in accordance with the work done.)	
Maintenance wagon labor	4440 00
Reconstruction wagon labor	3440 00
	<hr/>
	\$28182 42

There were 5,605 telephones in service June 30, 1904, and 6,033 in service June 30, 1905, an average of 6,119.

Above departments cost \$4.60 per telephone per annum.

N.B.—It should be noted that the Automatic Exchange operated an average of 1,142 telephones more than the Manual. With the same number of 'phones in operation the total cost of the Manual system would have been \$57,543.03, against \$28,182.42 for the Automatic, a difference in favor of the latter on an average of 6,119 'phones of \$29,360.61.

List of Cities in which Public Telephone Companies have adopted the Automatic Telephone Apparatus, manufactured by the Automatic Electric Company, Chicago, U. S. A.:

Aberdeen, S. Dakota.....	Dakota Central Telephone Co.
Albuquerque, N. Mex.....	Mutual Automatic Telephone Co.
Allentown, Pa.	Consolidated Telephone Companies of Pennsylvania.
Auburn, Me.	Lewiston-Auburn Telephone Co.
Auburn, N.Y.	Auburn Telephone Co.
Battle Creek, Mich.....	Citizens' Telephone Co.
Berlin, Germany.....	Deutsche-Waffen und Munitions Fabriken.
Cadillac, Mich.....	Citizens' Telephone Co.
Chicago, Ill.....	Illinois Tunnel Co. (Tel. Dept.).
Clayton, Mo.	Suburban Telephone Co.
Cleburne, Texas.....	Cleburne Telephone Co.
Columbus, Ga.	Columbus Automatic Telephone Co.
Columbus, Ohio.....	Citizens' Telephone Co.
Dayton, Ohio.....	Home Telephone Co.
El Paso, Texas.....	Southern Independent Telephone Co.
Fall River, Mass.....	Fall River Automatic Telephone Co.
Ferguson, Mo.	Suburban Telephone Co.
Florenceville, N.B., Can....	Union Telephone Co., Ltd.
Grand Rapids, Mich.....	Citizens' Telephone Co.
Hastings, Neb.....	Hastings Independent Telephone Co.
Havana, Cuba.....	Cuban Telephone and Telegraph Co.

Hazleton, Pa.	Consolidated Telephone Companies of Pennsylvania.
Hopkinsville, Ky.	Hopkinsville Home Telephone Co.
Lake Benton, Minn.	Lincoln County Telephone Co.
Lewiston, Me.	Lewiston-Auburn Telephone Co.
Lincoln, Neb.	Lincoln Telephone Company.
Los Angeles, Calif.	Home Telephone and Telegraph Co.
Manchester, Iowa.	Delaware County Telephone Co.
Marianao, Cuba.	Cuban Telephone and Telegraph Co.
Medford, Wis.	A. J. Perkins & Son.
Miamisburg, Ohio.	Montgomery County Telephone Co.
Mount Olive, Ill.	Mount Olive Telephone and Electric Co.
New Bedford, Mass.	Automatic Telephone Co.
Ocean Park, Calif.	Home Telephone Co.
Pentwater, Mich.	Lake Shore Telephone Co.
Perry, N.Y.	Perry Electric Light Co.
Portland, Me.	Northeastern Telephone Co.
Portland, Ore.	Home Telephone Co.
Princeton, N.J.	Automatic Telephone Exchange.
Riverside, Calif.	Home Telephone Co.
Santa Monica, Calif.	Home Telephone and Telegraph Co.
Sawtelle, Calif.	Home Telephone and Telegraph Co.
San Diego, Calif.	Home Telephone Co.
Sioux City, Iowa.	Sioux City Telephone Co.
South Bend, Ind.	South Bend Home Telephone Co.
St. Marys, Ohio.	St. Marys Telephone Co.
Toronto Jct., Canada.	Stark Telephone, Light and Power System, Limited.
Traverse City, Mich.	Citizens' Telephone Co.
Van Wert, Ohio.	Van Wert Home Telephone Co.
Watch Hill, R.I.	Watch Hill Automatic Telephone Co.
Wausau, Wis.	Wausau Telephone Co.
Westerly, R.I.	Westerly Automatic Telephone Co.
Wilmington, Del.	Delmarvia Telephone Co.
Yuma, Arizona.	Yuma Automatic Telephone Co.

CHAPTER 89.

An Act respecting Government Telephone and Telegraph Systems.

[Assented to March 16th, 1906.]

HIS MAJESTY, by and with the advice and consent of the Legislative Assembly of Manitoba, enacts as follows:

1. The Government of Manitoba shall have power to purchase, lease, construct, extend, maintain or operate within the Province of Manitoba a telephone or telegraph system or systems, and the Government shall also have power to construct, extend, maintain and operate a telephone system or systems in the Cities of Winnipeg and Brandon and in the Town of Portage la Prairie, or in one or more of said places, on the request of the council of any of said municipalities respectively, signified by by-law or resolution of the council of the said places, requesting the Government so to construct.

2. The said Government shall have power to purchase, by way of expropriation, from any person or corporation owning any interest in any telephone or telegraph system, within or partly within the said Province, the whole or any portion of the interest of the said person or corporation in the said telephone or telegraph system, or in any portion thereof, in so far as the same is situate within the said Province; and for the purposes of this section the word "system" shall be taken to include all land, plant, supplies, buildings, works, rights, franchises, easements, assets and property of every kind owned, held or used for the purposes of or in connection with the same or with the operation thereof, but shall not include the telephone or telegraph lines of a railway under the jurisdiction of the Parliament of Canada.

3. The price to be paid by the said Government to the said person or corporation for the property so purchased may be fixed by agreement between the parties, but if it be not so fixed it shall be determined in the manner and by the proceedings provided by "The Manitoba Expropriation Act."

4. In any proceedings under section 3 hereof, for the purpose of determining the said price, the same shall be fixed at the actual value of the said property, having regard to what the same would cost if the same were then constructed, making due allowance for deterioration and wear and tear, and making all other proper allowances, but not allowing anything for franchise or prospective profits, with an addition to the sum so arrived at of ten per cent. of the same.

5. At any time within three months after the said price has been fixed or determined as aforesaid, the said Government may by notice in writing to the said person or corporation withdraw from the said purchase, first paying to the said person or corporation all costs of proceedings under section 3 hereof.

6. After the expiry of the said three months without such withdrawal the said purchase at the price so fixed or determined shall be deemed to be a contract binding upon both parties, and may be enforced by either party as such; and upon payment or tender to the said person or corporation of the said price by the said Government the said property so purchased shall become vested in His Majesty in the right of the Province of Manitoba, and the said Government may forthwith enter into possession of the same.

7. The said Government shall, for the purposes of this Act and in respect of any telephone or telegraph system or systems owned or operated by the said Government, have in addition to all powers, rights, remedies and immunities conferred by this Act, all the powers, rights, remedies and immunities conferred in respect of telephone systems upon any municipality by the provisions of "The Municipal Electric Light, Gas and Telephone Act" and the amendments thereto, including any hereafter made, in so far as the said provisions are applicable and are not inconsistent herewith.

8. The said Government shall have power to sell or lease to any municipality in the said Province the whole or any part or parts of any telephone system or systems, or of any interest therein, owned by the said Government, upon such terms and conditions as may be agreed upon with the said municipality.

9. The said Government shall have power to enter into any agreement with any person, company or municipality providing for connection, inter-communication, joint operation, reciprocal use or transmission of business as between

any telephone or telegraph systems owned or operated by the respective parties, and for such consequent division of receipts, expenditures or profits or such payment of compensation or such other financial or other adjustment between the respective parties as may be necessary or advisable for the purposes of the said agreement.

10. Every telephone or telegraph system purchased, leased, constructed or otherwise acquired by the said Government under this Act shall be deemed to be a public work within the meaning of "The Manitoba Expropriation Act."

11. The said Government shall have power from time to time to issue debentures of the Province of Manitoba, in sums not exceeding one thousand dollars each, drawing interest at a rate not exceeding four per cent. per annum, and payable at any time not exceeding forty years from date, for the purpose of raising funds required for the purposes of this Act, and such debentures may be made payable at any place in the Dominion of Canada or in the United Kingdom of Great Britain and Ireland, or in the United States of America, and either in sterling money or Canadian currency, and they shall have coupons attached for the payment of the interest half yearly or yearly, and such debentures shall be sealed with the great seal of the Province of Manitoba, and shall also be signed by the Provincial Treasurer, but his signature on the coupons may be lithographed.

12. The said Government shall have power from time to time to make such provisions and regulations as may be deemed by it advisable or necessary respecting the keeping of accounts, the application of funds and other matters of financial detail involved in the carrying out of the purposes of this Act.

13. The said Government shall have power to appoint commissioners, not exceeding three, one of whom shall be a qualified professional engineer, for the purposes of this Act, and may fix the salaries to be paid to such commissioners. The said commissioners shall hold their respective offices during the pleasure of the said Government, and the said Government may, upon the death of the said commissioners respectively, or their resignation or removal from office, and from time to time thereafter, appoint other persons to fill their places during pleasure as aforesaid.

14. In this Act the words "the Government of Manitoba" or "the said Government" shall mean "His Majesty in the right of the Province of Manitoba," and the powers

hereby conferred upon the said Government shall be from time to time exercised by the Lieutenant-Governor by order-in-council, and may from time to time be delegated by order-in-council, in whole or in part, and subject to such limitations, restrictions or regulations as such order or orders, or any subsequent order or orders-in-council, may provide, to the Minister of Public Works or to the said commissioners, when commissioners have been appointed under the provisions of section 13 hereof.

15. The provisions of this Act shall have force and effect only in so far as and in relation to matters in respect of which the Legislature of Manitoba has authority to enact the same.

16. This Act shall come into force on the day it is assented to.

CHAPTER 90.

An Act respecting Municipal Telephone Systems.

[Assented to March 16th, 1906.]

HIS MAJESTY, by and with the advice and consent of the Legislative Assembly of Manitoba, enacts as follows:

1. After the taking of the votes provided for in section 9 hereof, provided the majority and percentage required by "The Municipal Act" in the case of by-laws for raising money not required for ordinary expenditure, and not payable within the same municipal year, have voted in the affirmative on the question set forth therein, every municipality shall have power to pass a by-law or by-laws for the purchase, by way of expropriation in accordance with the provisions of this Act, from any person or corporation owning any interest in any telephone system within or partly within the said municipality, of the whole or any portion of the interest of the said person or corporation in the said telephone system, or in any portion thereof, in so far as the same is situate within the said municipality, and for the purposes of this section the word "system" shall be taken to include all land, plant, supplies, buildings, works, rights, franchises, easements, assets and property of every kind owned, held or used for the purpose of or in connection with the same or with the operation thereof. And such by-law or by-laws need not thereafter be submitted for assent of the electors.

2. The price to be paid by the said municipality to the said person or corporation for the property so purchased may be fixed by agreement between the parties, but if it be not so fixed it shall be determined in the manner and by the proceedings provided by "The Municipal Act" for the case of real property taken by a municipality in the exercise of its powers.

3. In any proceedings under section 2 hereof, for the purpose of determining the said price, the same shall be fixed at the actual value of the said property, having regard to what the same would cost if the same were then constructed, making due allowance for deterioration and wear and tear, and making all other proper allowances, but not allowing

anything for franchise or prospective profits, with an addition to the sum so arrived at of ten per cent. of the same.

4. At any time, within three months after the said price has been fixed or determined as aforesaid, the said municipality may by notice in writing to the said person or corporation withdraw from the said purchase, first paying to the said person or corporation all costs of proceedings under section 2 hereof, in which case the said municipality shall not be entitled, until after the expiration of one year from such withdrawal, to again avail itself of the provisions of this Act.

5. After the expiry of the said three months without such withdrawal, the said purchase at the price so fixed or determined shall be deemed to be a contract binding upon both parties, and may be enforced by either party as such, and upon payment or tender to the said person or corporation of the said price by the said municipality the said property so purchased shall become vested in the said municipality, and the said municipality may forthwith enter into possession of the same.

6. The said municipality may, should it deem it advisable, provide in the by-law or by-laws under section 1 hereof for the issue of debentures of the said municipality for the purposes of the said purchase to an amount estimated to be equal to the amount of the said price, when fixed or determined as herein provided, in all respects as though the said purchase were then completed and the said price were already fixed and determined. In such case, should the said price when finally fixed or determined under the provisions hereof exceed or fall short of the said estimated amount, the said by-law or by-laws, and the authorization thereunder of the said debenture issue, shall be deemed to read as though the amount of the price finally so fixed or determined were substituted therein for the said estimated amount.

7. All the provisions of "The Municipal Electric Light, Gas and Telephone Act," being chapter 121 of the Revised Statutes of Manitoba, 1902, and of the amendments thereto, including any hereafter made, in so far as they are applicable and are not inconsistent herewith, shall be deemed to be incorporated with and shall form part of this Act and shall apply to a purchase under this Act as fully as though said purchase were made under the provisions of the said "The Municipal Electric Light, Gas and Telephone Act."

8. The Government of Manitoba may guarantee the payment of the principal and interest of any debentures

issued by any municipality under the provisions of this Act or of the said "The Municipal Electric Light, Gas and Telephone Act" for purposes connected with the purchase, construction or extension of any telephone system, and such guarantee, if given, shall be in the form of an indorsement on the back of such debentures in the words following, or in words to the like effect: "Payment of the principal and interest of this debenture is guaranteed by the Province of Manitoba under the provisions of "An Act respecting Municipal Telephone Systems," being chapter 90 of 5-6 Edward vii," and such indorsement shall be signed by the Provincial Treasurer.

9. (1) The council of every municipality in the Province, which does not already own or operate a telephone system, shall provide for the taking, on or before the date of the holding of the next municipal elections, therein of the votes of the electors duly qualified to vote upon by-laws for raising of moneys not payable or re-payable within the same municipal year, upon the question whether the council of the municipality shall or shall not exercise the powers given by this Act or by "The Municipal Electric Light, Gas and Telephone Act," such question to be set upon ballots in the following form:—

Shall this municipality own and operate its own telephone?

Yes	No
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A vote in the affirmative shall be indicated by making a cross, thus (X), opposite the word "yes" on such ballot, and a vote in the negative by making a similar mark opposite the word "no."

(2) The clerk of the municipality shall be the returning officer for the purpose of the taking of such votes, and the same proceedings as nearly as may be shall be taken by such returning officers and other officers of the said municipality for the said purpose as in the case of the submission of a money by-law for the assent of the duly qualified electors thereto, and all the provisions of "The Municipal Act" and its amendments relating to such voting shall, subject to any regulations, orders or instructions made or given by the Lieutenant-Governor-in-Council relating thereto, apply *mutatis mutandis* to the taking of such votes and the proceedings leading up thereto, and with respect to the powers to be exercised and the duties to be performed by, and the rights, obligations and liabilities, qualifications and dis-

qualifications of, officers, electors and all other persons, and with respect to offences and the penalties which may be incurred.

(3) The polls shall remain open for the purpose of taking such votes from nine o'clock in the morning of the day appointed by the council and remain open until eight o'clock in the evening in cities, and until five o'clock in the afternoon in all other municipalities.

(4) The Lieutenant-Governor-in-Council may from time to time, for the purposes of this Act, make and give all such regulations, orders and instructions not inconsistent with the provisions of this Act as are in his judgment necessary or expedient for the effectual carrying out of such purposes and for any application or modification of the provisions of "The Municipal Act" necessary for carrying out the same.

(5) After summing up the votes in the manner provided by "The Municipal Act," the deputy returning officers in each municipality shall report to the returning officer the total number of votes in their respective polls given for the affirmative and the negative of the above question respectively, and the returning officer shall, as soon thereafter as possible, make a final addition of the votes cast in the same manner as nearly as may be as under "The Municipal Act," and ascertain the number of votes given in the affirmative and negative respectively, and immediately thereafter transmit by post, duly registered, to the Municipal Commissioner his return as to the results of the poll on such question in his municipality, and he shall also at the same time make a similar return to the council of the municipality.

10. In every municipality in which the result of such voting shall be in the affirmative on such question by the majority and percentage required by "The Municipal Act" for the assent of such electors to carrying by-laws, the council of the municipality may at any time thereafter take the necessary steps for the exercise of the powers conferred by this Act or by "The Municipal Electric Light, Gas and Telephone Act," with regard to the acquisition or expropriation of such part of the property, rights, franchises and privileges of and connected with any telephone system existing or being operated within the municipality, as is situated within the territorial limits thereof, or for the construction of any new telephone system therein, or for the extension, removal or repair of any existing telephone system therein owned and operated by it without any further submission of any by-law for the assent of the electors.

11. After the passage of any by-law of the council of the municipality provided for the construction of any telephone system, the council shall cause plans to be made of the line or lines of telephone proposed to be constructed, and submit such plans to the Lieutenant-Governor-in-Council for approval before proceeding to the construction or operation of any such lines.

12. Every municipality shall have power to borrow money and issue debentures therefor in accordance with the provisions of "The Municipal Electric Light, Gas and Telephone Act," as varied by this Act, for the purpose of constructing and completing any telephone system undertaken by it, and also for the purpose from time to time of making any extensions, repairs or alterations in any telephone system, and may issue new debentures for such purpose without submitting any such by-laws for the assent of the electors.

13. If the council of any municipality, having power to construct or acquire a telephone system or systems within its territorial limits, neglects to furnish and construct such telephone lines as are desired by the residents of any portion thereof, such residents may organize a company or companies under "The Manitoba Joint Stock Companies Act" and build and operate such lines of telephones as they may desire, with the approval of the Lieutenant-Governor-in-Council.

14. The councils of all municipalities may provide for the connection of local long-distance lines of telephone with local exchanges, and make such rules and regulations, and enter into such agreements providing for such connections, and for the joint operation of the same, as they may deem proper and necessary, and, in case the councils of any adjoining municipalities are unable to agree upon the terms of such connections or joint operation and control, the Lieutenant-Governor-in-Council shall have power to prescribe such terms, and make all necessary rules and regulations governing such connections or joint operation and control.

15. All lines of telephones and telephone systems to be hereafter constructed by the council of any municipality shall be constructed under the supervision and inspection of an engineer to be appointed by the Minister of Public Works.

16. The provisions of this Act shall have force and effect only in so far as and in relation to matters in respect of which the Legislature of Manitoba has authority to enact the same.

17. This Act shall come into force on the day it is assented to.